UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):
January 31, 2017

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)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01. Other Events.

On February 1, 2017, United States Steel Corporation (the "Corporation") will conduct a conference call to discuss its results for the fourth quarter and full-year 2016. In advance of the call, on January 31, 2017, the Corporation posted annotated slides and a question and answer document to the Corporation's website. Both documents are filed with this current report on Form 8-K as Exhibits 99.1 and 99.2.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

99.1 Fourth Quarter and Full-year 2016 Earnings Presentation and Remarks.

99.2 Fourth Quarter and Full-year 2016 Question and Answer 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 hereunto duly authorized.

UNITED STATES STEEL CORPORATION

By /s/ Colleen M. Darragh

Colleen M. Darragh

Vice President and Controller

Dated: January 31, 2017

United States Steel Corporation

United States Steel Corporation

Fourth Quarter and Full-Year 2016
Earnings Presentation

January 31, 2017

Forward-looking Statements

These slides and remarks are being provided to assist readers in understanding the results of operations, financial condition and cash flows of United States Steel Corporation for the fourth quarter and full-year of 2016. They should be read in conjunction with the consolidated financial statements and Notes to Consolidated Financial Statements contained in our Annual Report on Form 10-K filed with the Securities and Exchange Commission.

This presentation 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 "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 to "we," "us," "our," the "Company," and "U. S. Steel," refer to United States Steel Corporation and its Consolidated Subsidiaries.

Explanation of Use of Non-GAAP Measures

We present adjusted net earnings (loss), adjusted net earnings (loss) per diluted share, earnings (loss) before interest, income taxes, depreciation and amortization (EBITDA) and adjusted EBITDA, which are all non-GAAP measures, as additional measurements to enhance the understanding of our operating performance.

Net debt is a non-GAAP measure calculated as total debt less cash and cash equivalents. We believe net debt is a useful measure in calculating enterprise value. We believe that EBITDA considered along with the net earnings (loss), is a relevant indicator of trends relating to cash generating activity and provides management and investors with additional information for comparison of our operating results to the operating results of other companies. Both EBITDA and net debt are used by analysts to refine and improve the accuracy of their financial models which utilize enterprise value.

Adjusted net earnings (loss) and adjusted net earnings (loss) per diluted share are non-GAAP measures that exclude the effects of restructuring charges, impairment charges, losses associated with U. S. Steel Canada Inc., losses on debt extinguishment, certain postemployment actuarial adjustments, and charges for deferred tax asset valuation allowances that are not part of the Company's core operations. Adjusted EBITDA is also a non-GAAP measure that excludes the effects of restructuring charges, impairment charges, losses associated with U. S. Steel Canada Inc., and certain postemployment actuarial adjustments. We present adjusted net earnings (loss), adjusted net earnings (loss) per diluted share and 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 restructuring charges, impairment charges, losses on debt extinguishment, certain postemployment actuarial adjustments, charges for deferred tax asset valuation allowances, and losses associated with non-core operations that can obscure underlying trends. U. S. Steel's management considers adjusted net earnings (loss), adjusted net earnings (loss) per diluted share and 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 net earnings (loss), adjusted net earnings (loss) per diluted share and adjusted EBITDA as alternative measures of operating performance. Additionally, the presentation of adjusted net earnings (loss), adjusted net earnings (loss) per diluted share and 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 net earnings (loss), adjusted net earnings (loss) per diluted share and adjusted EBITDA should not be considered a substitute for net earnings (loss), earnings (loss) per diluted share 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.

2017 Outlook

- If market conditions, which include spot prices, raw material costs, customer demand, import volumes, supply chain inventories, rig counts and energy prices, remain at their current levels, we expect:
  - 2017 net earnings of approximately $535 million, or $3.08 per share, and EBITDA of approximately $1.3 billion;
  - Results for our Flat-Rolled, European, and Tubular segments to be higher than 2016;
  - To be cash positive for the year, primarily due to improved cash from operations; and
  - Other Businesses to be comparable to 2016 and approximately $50 million of postretirement benefit expense.
- We believe market conditions will change, and as changes occur during the balance of 2017, our net earnings and EBITDA should change consistent with the pace and magnitude of changes in market conditions.

We are starting 2017 with much better market conditions than we faced at the beginning of 2016. Our Carnegie Way transformation efforts over the last three years have improved our cost structure, streamlined our operating footprint and increased our customer focus. These substantive changes and improvements have increased our earnings power. While we will benefit from improved market conditions, they continue to be volatile and we must remain focused on improving the things that we can control. Pursuing our safety objective of zero injuries, revitalizing our assets, and driving innovation that creates differentiated solutions for our customers remain our top priorities.

See the Appendix for the reconciliation of the Outlook net earnings to EBITDA.

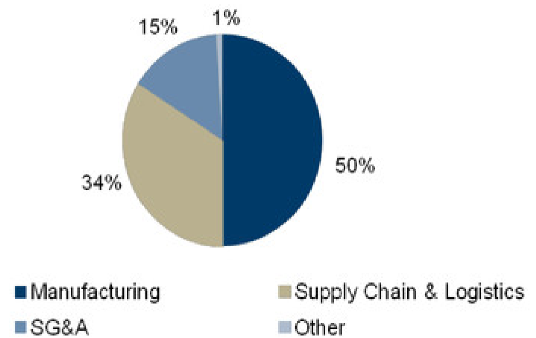
Carnegie Way – Accumulating Benefits

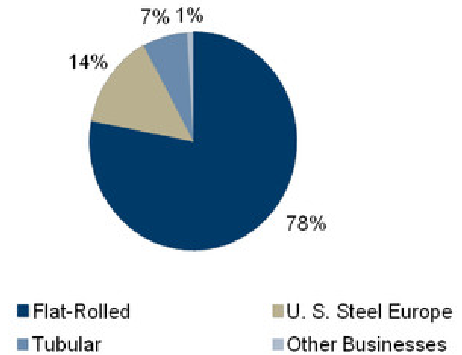
$745 million of Carnegie Way benefits realized in 2016

- Flat-Rolled $551
- U. S. Steel Europe $124
- Tubular $ 62
- Other Businesses $ 8

2016 is now the new base year for comparison

$150 million of carryover impact in 2017 from projects that were implemented at various points throughout 2016





We continue to increase our capabilities and train more of our employees on our Carnegie Way methodologies to support our growing pipeline of projects and accelerate the pace of project completion, allowing for it to be more self-sustaining. The Carnegie Way methodology remains a powerful driver of new value creating projects as our employees gain better insight into the potential sources of new opportunities.

Including benefits from projects completed during the fourth quarter, our full-year benefits in 2016 as compared to 2015 as the base year were $745 million dollars, and reflects the tremendous effort from all of our employees.

2016 is now our base year for measuring our progress and we are starting 2017 with $150 million in Carnegie Way benefits from projects that we implemented throughout 2016.

Carnegie Way benefits in 2016 include significant contributions from:

- overhead reduction efforts at our Headquarters and operating facilities;
- yield improvements at raw materials, steel producing and finishing operations; and
- improved blast furnace fuel mix and usage rates in both our Flat-Rolled and European segments.

Our pace of progress on The Carnegie Way transformation continues to exceed our expectations. The continuing benefits are improving our ability to earn the right to grow and then drive sustainable profitable growth over the long-term as we deal with the cyclicality and volatility of the global steel industry. With over 4,000 active projects, we have many opportunities ahead of us.

Market Updates*

Major industry summary and market fundamentals

Flat-Rolled

Auto sales set new record in 2016

Appliance unit shipments up 5.6% in 2016 according to the Association of Home Appliance Manufacturers (AHAM6)

The December Architectural Billing Index (construction leading indicator) at its highest level in 18 months

Carbon flat-rolled inventory increased 3.4% in December compared to November, only 45% of the average December inventory build between 2009-2014

Tubular

Increased drilling rates during 4Q

WTI oil prices averaged $49/barrel in 4Q

OCTG inventory continues to decline – months supply is below 6 – lowest level since 1Q 2015

Imports of OCTG remain high

U. S. Steel Europe

V4** car production is expected to grow 4% in 1Q compared to 1Q 2016

Appliance sector in Central Europe expected to grow 0.8% in 1Q versus 4Q, while the broader EU is expected to decline 2.1%

EU construction grew 2% in 2016 – 1Q growth is expected at 0.6% compared to 1Q 2016

** Visegrad Group – Czech Republic, Hungary, Poland and Slovakia

*See Appendix for additional detail and data sources.

We constantly monitor trends in the markets we serve, and receive updates in those markets directly from our customers as well as external publications. This information indicates:

- The U.S. automotive market set a new sales record in 2016 of 17.5 million units. January 2017 auto inventories remain in-line with the five year average.

- MSCI data suggests carbon flat-rolled inventory build in December was only half of what it is normally.

- Rig counts continue to climb higher in 1Q. Oil prices have remained above $50/barrel throughout January. Low selling prices remain a significant headwind.

- In Europe, modest growth is expected in the first quarter of 2017 compared to the prior year in key end-markets including automotive, tin, and construction. The appliance market is expected to be mixed in the first quarter compared to the fourth quarter, as central Europe will likely see slight growth, while the EU as a whole could decline.

Operating updates

- Steelmaking facilities
- Flat-Rolled finishing facilities
- Iron ore mining facilities
- Tubular facilities
- U. S. Steel Europe

We had several significant changes to our operating configuration in the fourth quarter as we announced the restart of certain facilities in our Flat-Rolled segment and the permanent shutdown of certain facilities in our Tubular segment.

In our Flat-Rolled segment, we are in the process of adjusting our hot strip mill operating configuration to support our asset revitalization plan. We currently expect to begin converting slabs on the hot strip mill at Granite City Works in mid-February. We are making this adjustment to our hot strip mill operating configuration to provide better alignment with customer needs and improve service while increasing the pace of our asset revitalization plan. We plan to take periodic outages at hot strip mills at Gary, Great Lakes and Mon Valley Works to improve the capabilities, productivity and reliability of those hot strip mills.

We are currently operating the steelmaking and finishing facilities at our Gary, Great Lakes and Mon Valley Works. We continue to operate finishing facilities at our Granite City Works, and expect the hot strip mill to begin converting slabs in mid-February. We continue to operate the finishing facilities at our Fairfield, Midwest, East Chicago, and Fairless Hills locations. We continuously review market conditions and the restart of idled facilities in the context of sustainable increases in steel demand that would support operating rates at profitable levels.

At our Flat-Rolled segment iron ore mining operations, we continue to operate our Minntac facility and we are in the process of restarting our Keetac facility to fulfill pellet supply agreements we have entered into with third parties. We currently expect to start producing pellets at Keetac in early March.

While we are starting to see some recovery in the energy markets, our Tubular operations continue to face very difficult market conditions. We announced the permanent shutdown of the #4 seamless mill at Lorain, the #1 welded mill at Lone Star, and the welded mill at Bellville. We are currently operating the seamless mill at Fairfield and the #3 seamless mill at Lorain, the #2 welded mill at Lone Star remains idled at this time. We have included an updated description of our Tubular operations in the Appendix of this presentation that shows the capacities and size ranges for our current operating configuration.

Our European operations are seeing stable market conditions and are running at high levels at this time.

Strategic Approach

Carnegie Way transformation

Phase 1: Earning the right to grow:

- Economic profits
- Customer satisfaction and loyalty
- Process improvements and focused investment

Phase 2: Driving profitable growth with:

- Innovation and technology
- Differentiated customer solutions
- Focused M&A

Our sights are set firmly on our future – a future we believe is filled with many exciting opportunities. All of those opportunities are made possible by our thoughtful, disciplined approach to transforming our company through what we call The Carnegie Way.

The Carnegie Way is the framework for who we want – and need – to be as a company and how we can get there. At its heart, The Carnegie Way is about creating real and sustainable value for all of our stakeholders.

It's about differentiating ourselves from our competition through the development of innovative products, processes and approaches to doing business; to be a true business partner and solutions provider to our customers. It's also about creating a culture that is rooted in time-tested principles and commitment to collaboration, accountability and results at all levels.

Our Carnegie Way transformation is a true journey, not a sprint. We have now completed the third year of our transformation and our progress continues to exceed expectations. The hard work of The Carnegie Way transformation is translating into stronger financial results and better performance for our investors, customers, and employees. Our aspiration to become sustainably profitable, of earning economic profit across the cycle and being profitable across the trough remains unchanged, and The Carnegie Way is helping us get closer to that goal. At the beginning of our journey we identified the three areas we needed to address to achieve our goal:

1) reduce our fixed costs and create a more flexible cost structure
2) improve the capabilities, productivity and reliability of our facilities
3) improve our product mix by creating differentiated solutions for our customers

On the next two pages we will highlight the asset revitalization plan we are implementing to accelerate the pace of progress on improving the capabilities, productivity and reliability of our facilities.

Carnegie Way transformation

Asset revitalization plan

A comprehensive plan to:

- Improve our profitability and competitiveness
- Meet the increasing expectations of our customers

A structured and flexible plan:

- Smaller and less complex projects to reduce execution risk
- Adaptable to changing business conditions

Multi-year implementation timeline to:

- Minimize disruptions to our operations
- Ensure we continue to support our customers

Our asset revitalization plan is a comprehensive investment plan, anchored in The Carnegie Way, to improve our profitability and competitiveness through projects designed to improve product capability and quality, and our operating reliability, efficiency and cost. The program focus is on investments in our existing Flat-Rolled segment assets, our people, and our processes. This targeted investment program will ensure maximum impact to our stockholders, customers and employees.

The performance expectations of our customers are constantly increasing, and we need to be investing in our assets at a pace that will allow us to keep up with these increasing standards. On the quality side, we need to reduce our existing diversion, retreat and claim rates, and on the delivery side, consistency is the key. We will increase our spending on critical infrastructure in order to reduce major events that disrupt our entire supply chain, and to reduce our unplanned downtime and improve our reliability centered maintenance capabilities.

Importantly, while this is a large program, the majority of projects are not large, complex projects. Forty percent of the total program spend is expected to be on projects that cost less than $10 million, and sixty percent of the total program spend is expected to be on projects that cost less than $20 million. This means that assumptions are more accurate, and projects are easier to execute. Due to the smaller nature of many of the projects, we do not have to complete the entire program in order to start seeing benefits. Also, by breaking the program down into a series of smaller projects we have greater flexibility to adjust the scope and pace of project implementation based on changes in business conditions.

In order to ensure that we obtain the desired results from our asset revitalization efforts, it was necessary to properly plan and schedule a large number of projects. The development and scheduling of these projects required the input and coordinated efforts of hundreds of people from across the Flat-Rolled segment footprint. Once the project portfolio was prepared and optimized, actual implementation efforts needed to be coordinated with production and maintenance schedules to minimize the disruption to production operations. The work requires outages on many facilities and we are making sure we can support our customers at the same time as we revitalize our assets. As a result, we expect the implementation schedule will stretch over a period of at least three years.

We currently expect our investment in asset revitalization in 2017 to be approximately $200 million higher as compared to 2016. As noted above, we have the ability to adjust the scope and pace of implementing our plan based on changes in business conditions, so we are not in a position to speculate on annual investments in future years at this time.

Carnegie Way transformation

Asset revitalization plan

A comprehensive plan to:

- Improve our profitability and competitiveness
- Meet the increasing expectations of our customers

A structured and flexible plan:

- Smaller and less complex projects to reduce execution risk
- Adaptable to changing business conditions

Multi-year implementation timeline to:

- Minimize disruptions to our operations
- Ensure we continue to support our customers

Our asset revitalization plan is not just sustaining capital and maintenance spending; these projects will deliver both operational and commercial benefits, with most of the benefits coming from operational improvements. The commercial benefits we expect to realize will be driven primarily by things we can control, such as better product quality, improved delivery performance, and increased throughput on constrained assets.

After we complete our full asset revitalization plan, we will have well maintained facilities with a strong core infrastructure, and strong reliability centered maintenance organizations. We will deliver products to our customers with improved reliability and quality.

Executing this plan is a critical milestone in The Carnegie Way journey to take us from "earning the right to grow" to "driving and sustaining profitable growth."

Reducing risk

Proactive efforts to reduce risk

Strengthening our cash and liquidity position

Improving our debt maturity profile

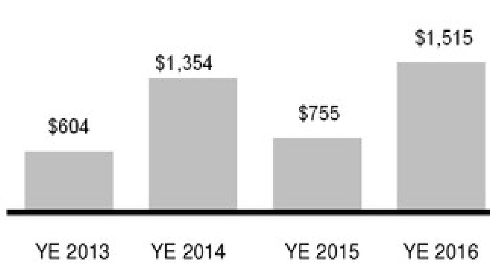
Reducing our exposure to defined benefit pension plans

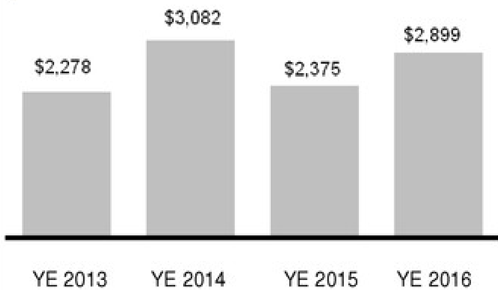
Minimizing market risk related to OPEB

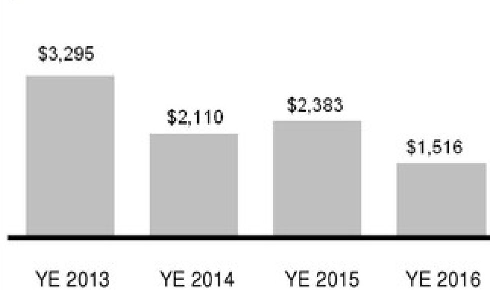
We took significant actions in 2016 to improve the risk profile of our company, and we continued to proactively manage our exposure to our legacy obligations.

Financial Flexibility

Strong cash and liquidity positions







Increased cash and liquidity from equity issuance, improved operating results and continued working capital reductions

Refinancing of near-term debt maturities and equity issuance improved financial flexibility and reduced refinancing risk

Lowest net debt since 2Q 2009

Note: For reconciliation of non-GAAP amounts see Appendix

We ended 2016 with $1.5 billion of cash and total liquidity of $2.9 billion.

We generated cash from operations of $727 million and reduced working capital by $596 million in 2016. The working capital reduction in 2016 was primarily driven by improved inventory management.

This is the second straight year that we have made significant improvements in our working capital management. In 2015, we reduced working capital by $551 million, primarily driven by improvements in our accounts receivable and accounts payable management.

Since the end of 2014, our cash conversion cycle has improved by 22 days.

Our net debt at the end of 2016 was $1.5 billion, its lowest level since the second quarter of 2009.

Maintaining strong cash and liquidity is a competitive advantage for us given the volatility in the steel industry.

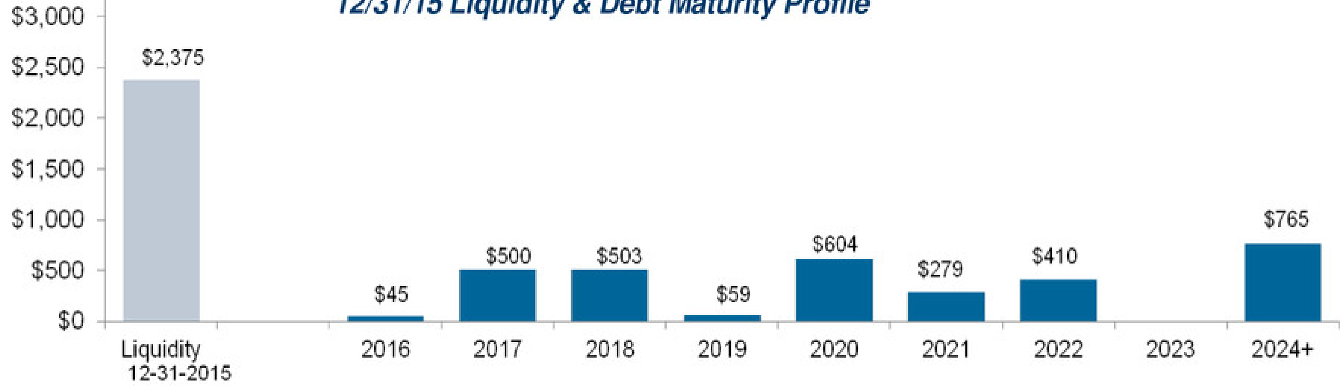
While working capital and capital spending are two areas we control that can have the greatest impact on our cash and liquidity position, we are working to identify and maximize cash benefits in all areas.

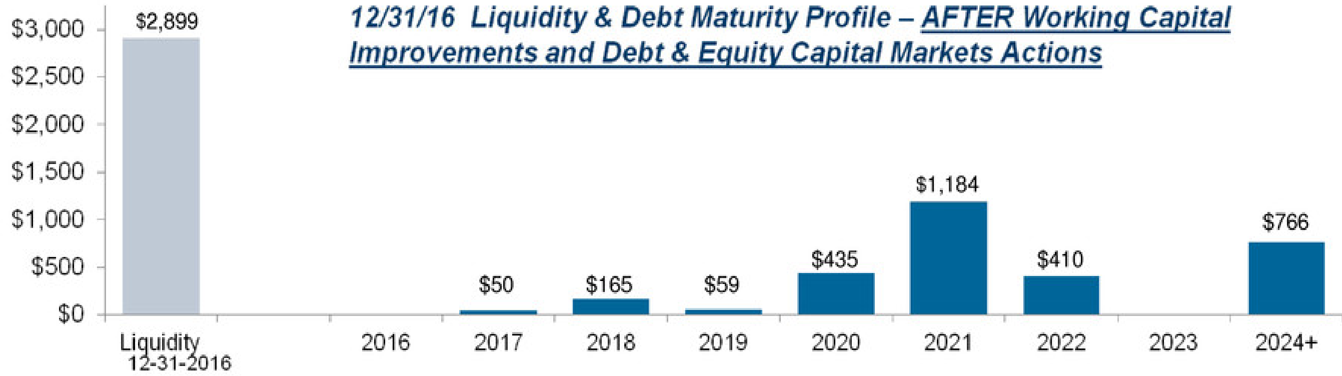
We are working to strengthen our balance sheet and we are constantly evaluating all options to improve our position so that we are prepared to act quickly when the right opportunity presents itself.

Financial Flexibility

Strong liquidity & reduced near-term refinancing risks

$ millions





This chart shows how our liquidity position and debt maturity profile improved from year-end 2015 to year-end 2016. Our debt maturity profile has substantially improved.

Our Secured Debt offering and Equity capital markets actions during 2016 bolstered liquidity and addressed near-term financing risks.

In May of 2016, we issued $980 million of Secured Notes due in 2021, and retired $944 million of debt scheduled to mature in 2017, 2018, 2020 and 2021. We also purchased $88 million of our Senior Notes during 2016 as a part of our liability management program to de-leverage the balance sheet longer term.

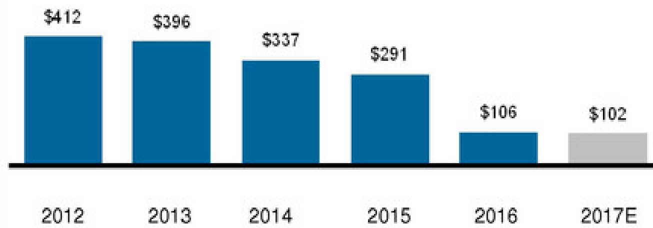
In August of 2016, we issued 21.7 million shares of stock, receiving net proceeds of approximately $482 million.

Pension

Expense and funded status

Participants by Type of Plan			
Type of Plan	12/31/2003	12/31/2016	Increase/ (Decrease)
Defined Benefit	15,574	4,710	(10,864)
Multiemployer	6,043	9,730	3,687
Defined Contribution	1,627	3,535	1,908
Total	23,244	17,975	(5,269)

Pension – Expense
$ Millions



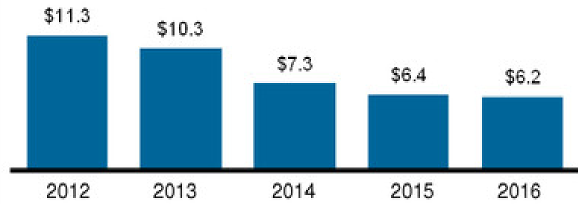
Major Assumptions:

Discount rate expense: 4.50% for 2012, 3.75% for 2013, 4.50% for 2014, 3.75% for 2015, 4.25% for 2016, and 4.00% for 2017E

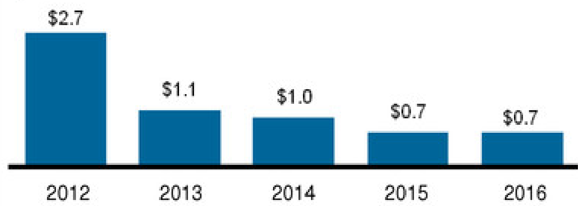
Expected rate of return on assets: 7.75% in U.S. & 7.25% in Canada for 2012 through 2014, 7.50% in U.S. for 2015 and 2016, for 2017E: 7.25%

Includes U. S. Steel Canada up until the deconsolidation on September 16, 2014

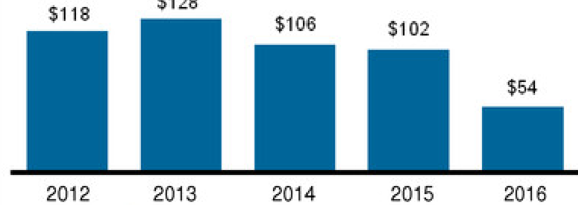
Pension – Benefit Obligations
$ Billions



Pension – Underfunded Status
$ Billions



Pension – Service Cost
$ Millions



Our exposure to defined benefit pensions continues to decrease.

We closed our main defined benefit pension plan to new participants in 2003. At the end of 2003, 67% of our North American employees were in defined benefit pension plans and 33% were in either a multiemployer plan (represented employees) or defined contribution plans (non-represented employees). We make defined contributions to the multiemployer plan as specified in our collective bargaining agreements. As of the end of 2016, only 26% of our active North American employees remain in defined benefit pension plans.

As the number of employees participating in defined benefit pension plans has decreased, our pension expense and pension benefit obligations have also decreased.

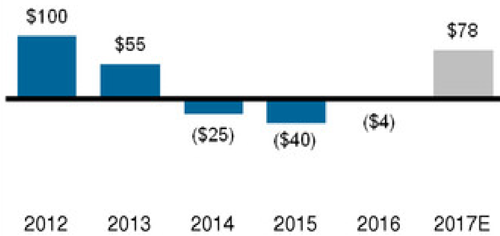
Our pension expense continues to decrease as service costs drop as the number of participants in our defined benefits pension plan decline. The significant decrease in service costs in 2016 was the result of our decision to implement a hard freeze on benefit accruals for all non-represented employees that remained in our defined benefit pension plans at the end of 2015.

The large decrease in pension benefit obligations over the last five years has significantly reduced the market risk associated with our defined benefit pension plans. We currently do not have any mandatory contributions for our defined benefit pension plans, the continuing improvement in our funded status and our history of making voluntary contributions, reduces the potential for mandatory contributions in future years.

OPEB

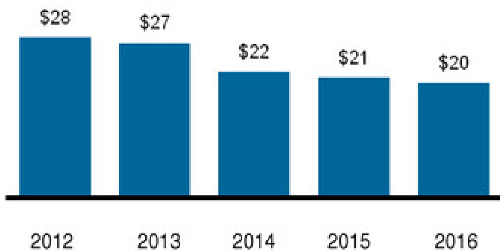
Expense and funded status

OPEB – Expense
$ Millions

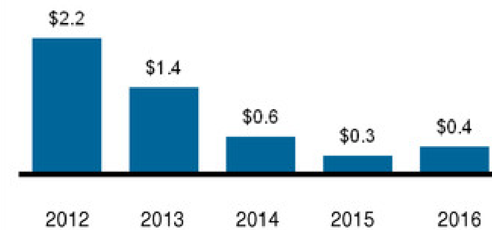


OPEB – Benefit Obligations
$ Billions

OPEB – Service Cost
$ Millions



OPEB – Underfunded Status
$ Billions



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Expected rate of return on assets: 7.75% in U.S. & 7.25% in Canada for 2012 through 2014, 7.50% in U.S. for 2015 and 2016, for 2017E: 3.25%

Includes U. S. Steel Canada up until the deconsolidation on September 16, 2014

The risks associated with our OPEB obligations have decreased significantly over the last five years.

Our OPEB benefits obligations and service costs have decreased approximately 40% and 30%, respectively, since 2012. Over the same period the funded status of our OPEB benefit obligations has increased from 44% to 82%.

In 1994, we created a Voluntary Employees' Beneficiary Association Trust (VEBA) to hold assets to be used to fund future retiree healthcare and life insurance benefits associated with our United Steelworkers represented population. Over the years, through a combination of company contributions and investment returns, our VEBA assets have grown to approximately $2 billion dollars.

These assets are required to be used exclusively to pay retiree benefits. We have a reasonable degree of certainty regarding the future cash outflows from the VEBA to pay retiree benefits. The VEBA assets had previously been invested approximately 60% in equities and 40% in bonds.

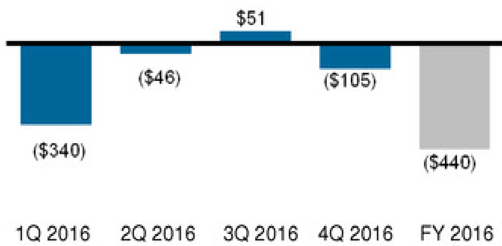
Based on the overfunded status of the VEBA, significant exposure to equities is no longer prudent and we recently took steps to invest in high quality Corporate and Government bonds whose maturities approximate the projected cash outflows of the VEBA. This is part of our on-going risk mitigation activities.

The VEBA assets are currently invested approximately 80% in bonds with maturities out through approximately 2046. Based on this shift in the investment portfolio of the VEBA assets, we have lowered our Return on Asset (ROA) assumption from 7.5% to 3.25%. As a result of this reduction in our ROA assumption, our OPEB expense will increase by approximately $83 million in 2017 as compared to 2016.

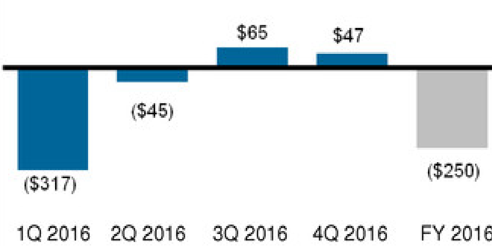
Fourth Quarter and Full-Year 2016 Results

Improved earnings despite commercial headwinds

Reported Net Earnings (Loss)
$ Millions

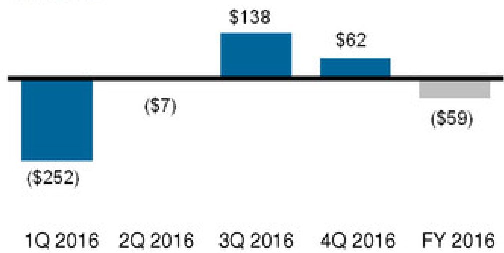


Adjusted Net Earnings (Loss)
$ Millions

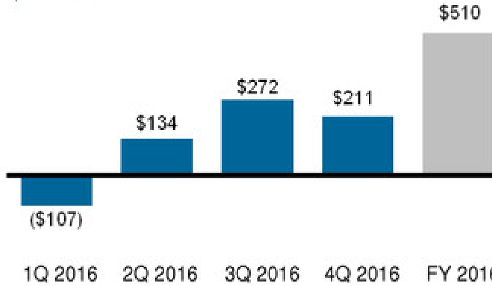


Positive adjusted EBITDA despite lowest full-year average realized price since 2004

Segment Earnings (Loss) Before Interest and Income Taxes
$ Millions



Adjusted EBITDA
$ Millions



Continued progress on higher value add product mix improving margins

Note: For reconciliation of non-GAAP amounts see Appendix

We reported a net loss of $105 million, or $0.61 per diluted share, for the fourth quarter. For the full-year, we reported a net loss of $440 million, or $2.81 per diluted share

We reported operating income for the fourth quarter of $62 million at the segment level, due primarily to positive results from our Flat-Rolled and European segments, partially offset by weakness in our Tubular segment. We reported a segment operating loss for 2016 of $59 million, as continued weakness in the energy markets negatively impacted our Tubular segment, and our Flat-Rolled segment faced lower volumes and lower average realized prices.

EBITDA, adjusted to exclude unfavorable charges totaling $152 million, was $211 million for the fourth quarter. Adjusted EBITDA for 2016 totaled $510 million, which excludes unfavorable adjustments totaling $168 million.

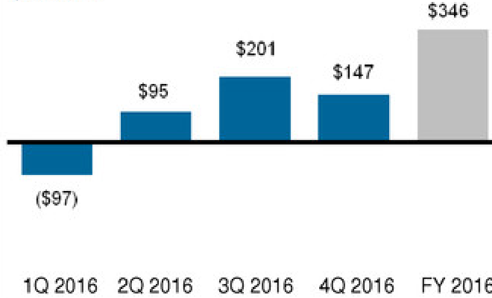
Our fourth quarter results were weaker than the third quarter in part due to volume constraints in our Flat-Rolled segment resulting from planned outages as part of our asset revitalization plan. Also negatively impacting the quarter were lower average realized prices, particularly in our Flat-Rolled and Europe segments. For the full-year 2016, we were subject to commercial headwinds across all three segments, but we were able to offset a significant portion of those with $745 million of additional Carnegie Way benefits realized in 2016.

Fourth Quarter and Full-Year 2016 Flat-Rolled Segment

Improved second half as headwinds began to decrease

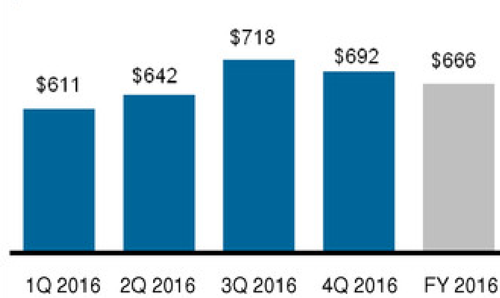
Earnings (Loss) Before Interest and Income Taxes
$ Millions

EBITDA
$ Millions

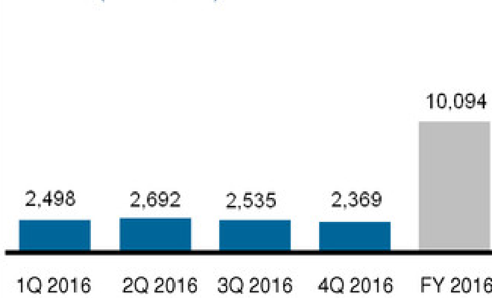


Improved results in 2016 despite lower volumes and average realized prices compared to 2015

Average Realized Prices
$ / Ton



Shipments
Net tons (Thousands)



Average selling prices to improve in the first quarter due to better spot and contract pricing

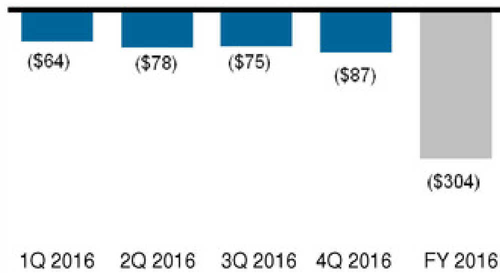
Note: For reconciliation of non-GAAP amounts see Appendix

Fourth quarter results for our Flat-Rolled segment declined as compared with the third quarter primarily due to a decrease in average realized prices, fewer shipments, as well as increased outage spending. Planned outages as part of our previously announced asset revitalization process limited the amount of tons we could ship in the quarter. Full-year Flat-Rolled segment results for 2016 improved from 2015 largely due to lower raw material costs, lower spending, and benefits provided by our Carnegie Way efforts. These improvements were partially offset by lower average realized prices and shipments.

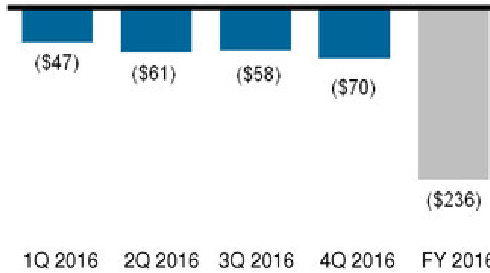
Fourth Quarter and Full-Year 2016 Tubular Segment

Energy market conditions remain challenging

Loss Before Interest and Income Taxes
$ Millions



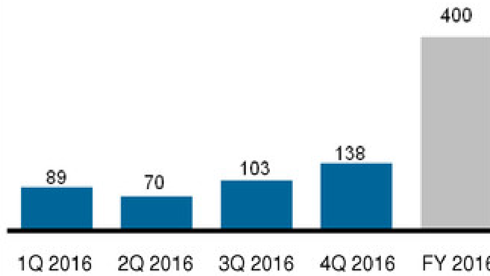
EBITDA
$ Millions



Historically low utilization levels and low prices continue to negatively impact the segment

Average Realized Prices
$ / Ton

Shipments
Net tons (Thousands)



Imports remain at high levels

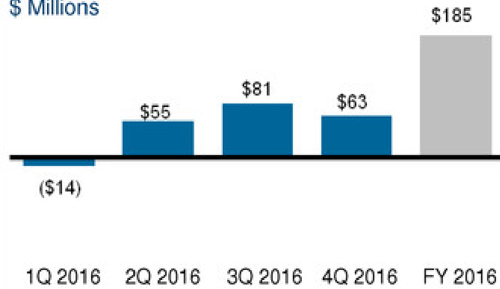
Note: For reconciliation of non-GAAP amounts see Appendix

Fourth quarter results for our Tubular segment declined as compared with the third quarter largely due to an unfavorable lower of cost or market (LCM) adjustment for obsolete inventory related to the prolonged downturn in the energy markets. Full-year 2016 results for our Tubular segment decreased from 2015 due to a combination of lower average realized prices and shipments, as well as the LCM adjustment for obsolete inventory, only partly offset by lower substrate costs and improved spending.

Fourth Quarter and Full-Year 2016 U. S. Steel Europe Segment

Europe continues its strong operating performance

Earnings (Loss) Before Interest and Income Taxes
$ Millions

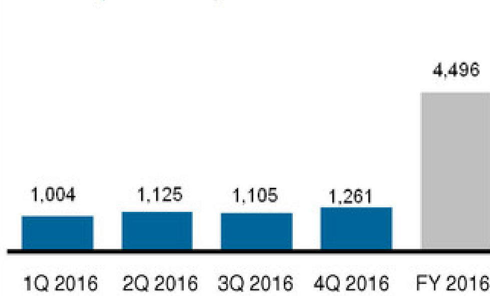


EBITDA
$ Millions

Highest annual segment EBITDA since 2008

Average Realized Prices
$ / Ton

Shipments
Net tons (Thousands)



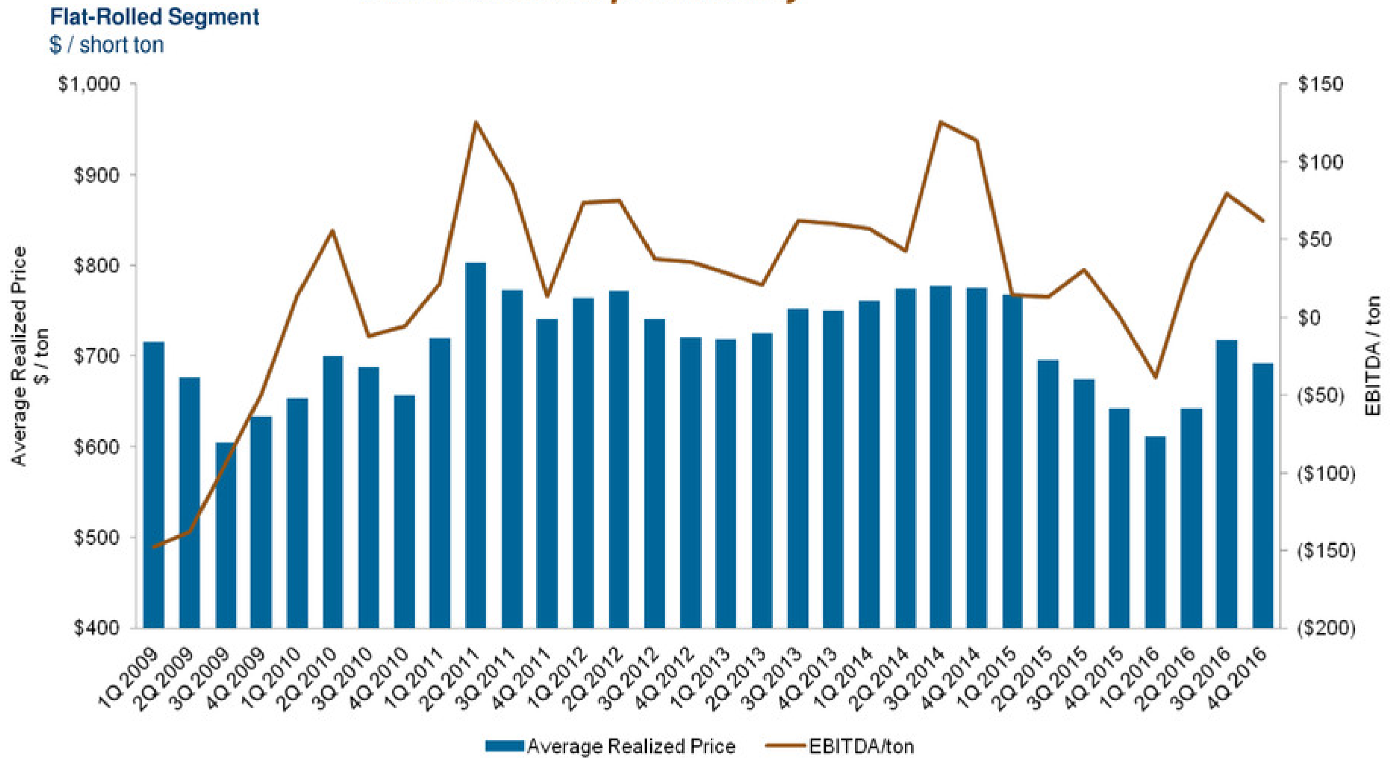
Improving results despite lowest average realized prices since 2003.

Note: For reconciliation of non-GAAP amounts see Appendix

Fourth quarter results for our European segment declined as compared with the third quarter primarily due to rising raw material costs, particularly for coking coal and iron units. These adverse impacts were partially offset by increased shipments and reduced spending. Full-year European segment results for 2016 improved from 2015 due to lower raw materials and energy costs along with better operating efficiencies from running at higher utilization rates, partially offset by lower average realized prices.

Flat-Rolled Segment

Average realized prices below post-financial crisis average with increased profitability



Source: Company Filings

The Flat-Rolled segment chart above highlights our improving earnings power despite lower average realized prices. The decisions we have made to exit unprofitable businesses, aggressively address our cost structure, optimize our facility footprint for current market conditions, and generally address the things we can control, is resulting in a more profitable business. Our average realized price is just beginning to move towards our average levels since the financial crisis started in 2008, yet our EBITDA/ton is significantly higher. In pursuit of higher margins, we have also moved our product mix up the value chain. We remain focused on value, not volume.

Appendix

Flat-Rolled Segment

Sources: Wards / AHAM / US DOC / Customer Reports / AISI / US Census Bureau / FW Dodge / Dept of Commerce / AIA / MSCI / worldsteel

Major end markets summary

Automotive	December sales increase to 18.3 million SAAR, best month since 2005. 2016 sales of 17.5 million set new record, beating 2015 by 0.6%. January 1 inventory falls 11 days from December to 62 days, and remains in line with typical days supply on hand levels the last five years to begin 2017.
Industrial Equipment	With the 2016 raw material increase and infrastructure possibilities, there is sentiment that this end market might be at the low point and could slowly begin to improve as 2017 progresses.
Tin Plate	Based on December preliminary data, 2016 tin mill product imports top 1.1 million tons for the year, up approximately 17% year over year (y-o-y), and place imports as larger than any single domestic supplier. Domestic mill shipments are down 12% through November, yet AISI data shows that for the first time in 2016, domestic producers shipped more material than the year ago month.
Appliance	December major appliance unit shipments increased by 14% y-o-y; up 14% m-o-m AHAM6 shipments total 46.3 million units in 2016, up 5.6% y-o-y.
Pipe and Tube	Structural tubing demand tracking with changes in flat-rolled market and improved construction market; sentiment good going into 2017. Any OCTG optimism that develops with increasing rigs counts seems to be offset by high pipe imports. Line pipe inquiry activity has improved slightly.
Construction	November construction spending increased 0.9% to a $1.2 trillion SAAR, the best rate in 10 years. The November Housing Market Index score of 70 is best since Jul 2005. Dodge Momentum Index score of 136.7 is best since 2007, supporting better Non-Res demand in 2017. December Architectural Billing Index increases 10.5% to 55.9; highest level in 18 months.
Service Center	December shipments fell 15.7% month-over-month to lowest December since 2012. However, carbon flat-rolled inventory only increased 3.4% month-over-month (m-o-m) in December, which is only 45% of the average December inventory build between 2009 – 2014. Months supply of 2.7 months to begin 2017, and is 819,000 fewer tons versus year ago period.

Tubular Segment

Sources: Baker Hughes, US Energy Information Administration, Preston Publishing, Internal

Market industry summary

Oil Directed Rig Count	U.S. energy companies continued to increase drilling rates during 4Q. The oil directed rig count averaged 470 during 4Q, an increase of 21% quarter over quarter (q-o-q). As of January 27, 2017, there were 566 active oil rigs.
Gas Directed Rig Count	Improving natural gas market fundamentals and outlook resulted in increased drilling during 4Q. The natural gas directed rig count averaged 116 during 4Q, an increase of 32% q-o-q. As of January 27, 2017, there were 145 active natural gas rigs.
Natural Gas Storage Level	The y-o-y surplus of gas in storage changed into a deficit during 4Q. As of January 20, 2017, there was 2.8 Tcf of natural gas in storage, down 11% y-o-y.
Oil Price	The West Texas Intermediate oil price averaged $49 per barrel during 4Q, up $4 or 10% q-o-q. Prices have remained above $50 per barrel since December 2016.
Natural Gas Price	The Henry Hub natural gas price averaged $3.04 per million btu during 4Q, up $0.16 or 6% q-o-q. The outlook for 1Q prices remains positive during the high demand period for residential heating.
Imports	Imports of OCTG remain high. During 4Q, import share of OCTG apparent market demand is projected to exceed 50%.
OCTG Inventory	Overall, OCTG supply chain inventory continues to decline. Months supply is below 6.

U. S. Steel Europe Segment

Sources: Eurofer, USSK Marketing, IHS, Eurometal, Euroconstruct

Major end markets summary

Automotive

EU car production reached 18.7 million units in 2016, an increase of 3.5% y-o-y. EU car production is projected to grow by 3.7% y-o-y in 1Q to 5.1 million units. Total V4 car production reached 3.5 million units in 2016, an increase of 4.3% y-o-y. V4 car production is anticipated to increase by 4.0% y-o-y in 1Q close to 1 million units.

Appliance

The EU appliance sector is projected to grow by 5% y-o-y in 2016. In 1Q, the appliance market is anticipated to decline by 2.1% q-o-q in the EU, but to grow by 0.8% q-o-q in Central Europe as a result of expected stronger residential construction sector performance and increased demand for home appliances in the area.

Tin Plate

Due to weak results in the European agriculture sector throughout the year and due to seasonal slowdown in 4Q, consumption in the EU in 2016 remained unchanged y-o-y. In 1Q, tin consumption is projected to increase by 9% y-o-y.

Construction

Total construction output growth in the EU reached 2% in 2016. The growth was driven by both residential and also non-residential sectors. Civil engineering sector has stagnated as most EU structural funds projects had been finalized last year. For 1Q, Eurofer expects 0.6% y-o-y growth of construction sector output.

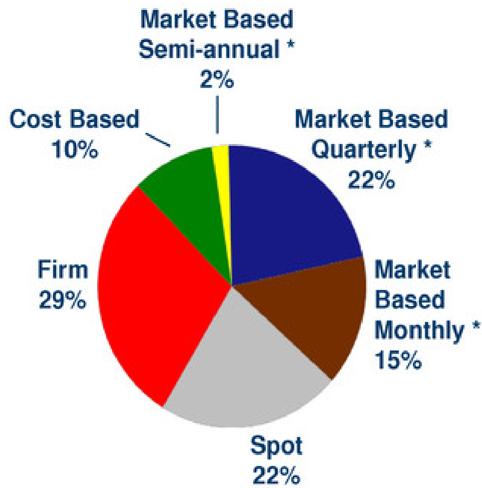
Service Centers

Flat steel service centers (SSC) shipments have grown by 1.4% over the first 11 months of 2016 in the EU. Stock volumes within EU SSC are forecasted to return to normal levels after usual destocking process at the end of the year. Strengthened consumption in manufacturing and construction sectors is now being reflected in sales volumes and the market is expected to remain firm for much of 1Q.

U. S. Steel Commercial – Contract vs. Spot

Contract vs. spot mix – twelve months ended December 31, 2016

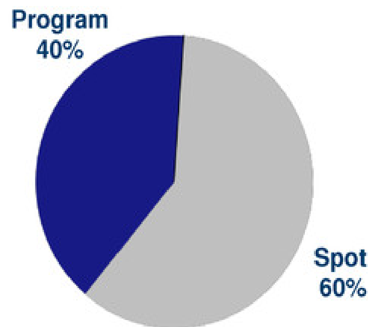
Flat-Rolled



Contract: 78%

Spot: 22%

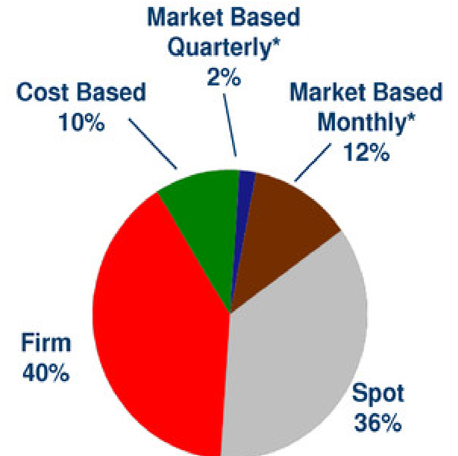
Tubular



Program: 40%

Spot: 60%

U. S. Steel Europe



Contract: 64%

Spot: 36%

*Annual contract volume commitments with price adjustments in stated time frame

Other Items

Capital Spending
2016 actual $306 million
2017 estimate $475 million

Depreciation, Depletion and Amortization
2016 actual $507 million
2017 estimate $460 million

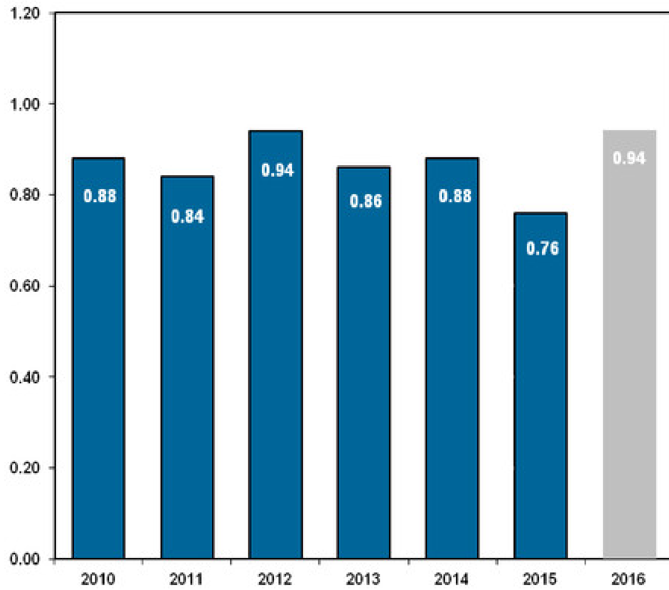
Pension and Other Benefits Costs
2016 actual $101 million
2017 estimate $180 million

Pension and Other Benefits Cash Payments
(excluding voluntary pension contributions)
2016 actual $150 million
2017 estimate $125 million

Safety Performance Rates

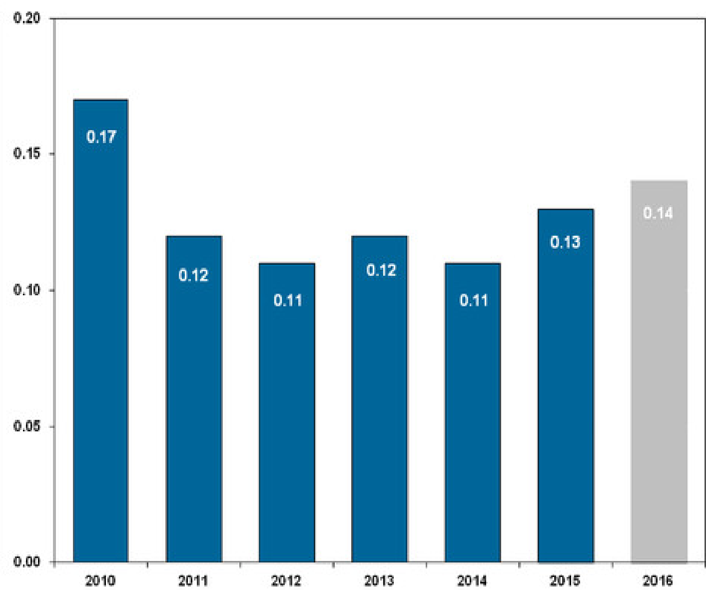
Global OSHA Recordable Incidence Rates 2010 through December 2016

73% better than BLS 44% better than AISI



Global Days Away From Work Incidence Rates 2010 through December 2016

86%better than BLS 65% better than AISI



Frequency of Injuries (per 200,000 manhours)

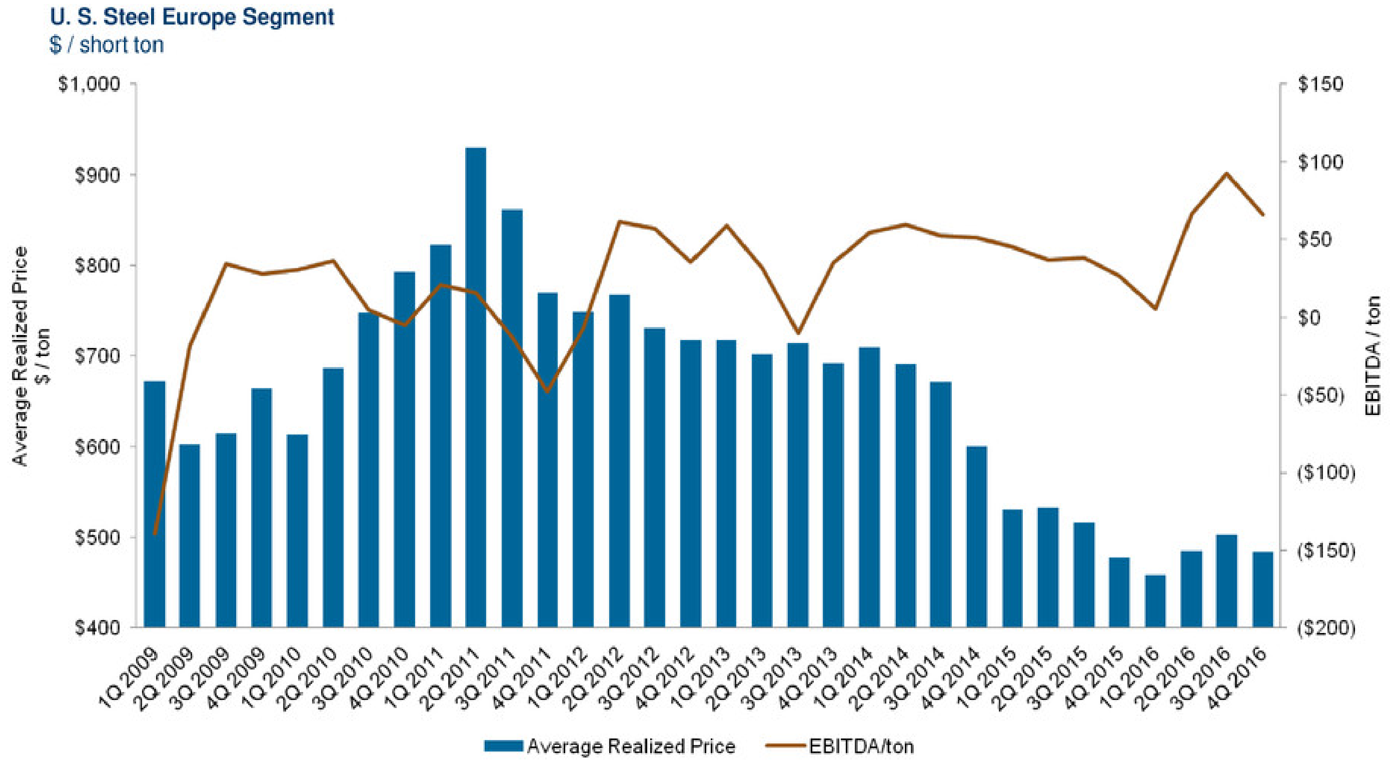
Data for 2010 forward includes Lone Star Tubular Operations, Bellville Tubular Operations, Rig Site Services, Tubular Processing Houston, Offshore Operations Houston, and Wheeling Machine Products. Data for 2011 forward includes Transtar. Data for 2010 through 2011 includes U. S. Steel Serbia. Data for 2010 through 2014 includes Canada.

BLS = U.S. Bureau of Labor Statistics

AISI = American Iron and Steel Institute

U. S. Steel Europe Segment

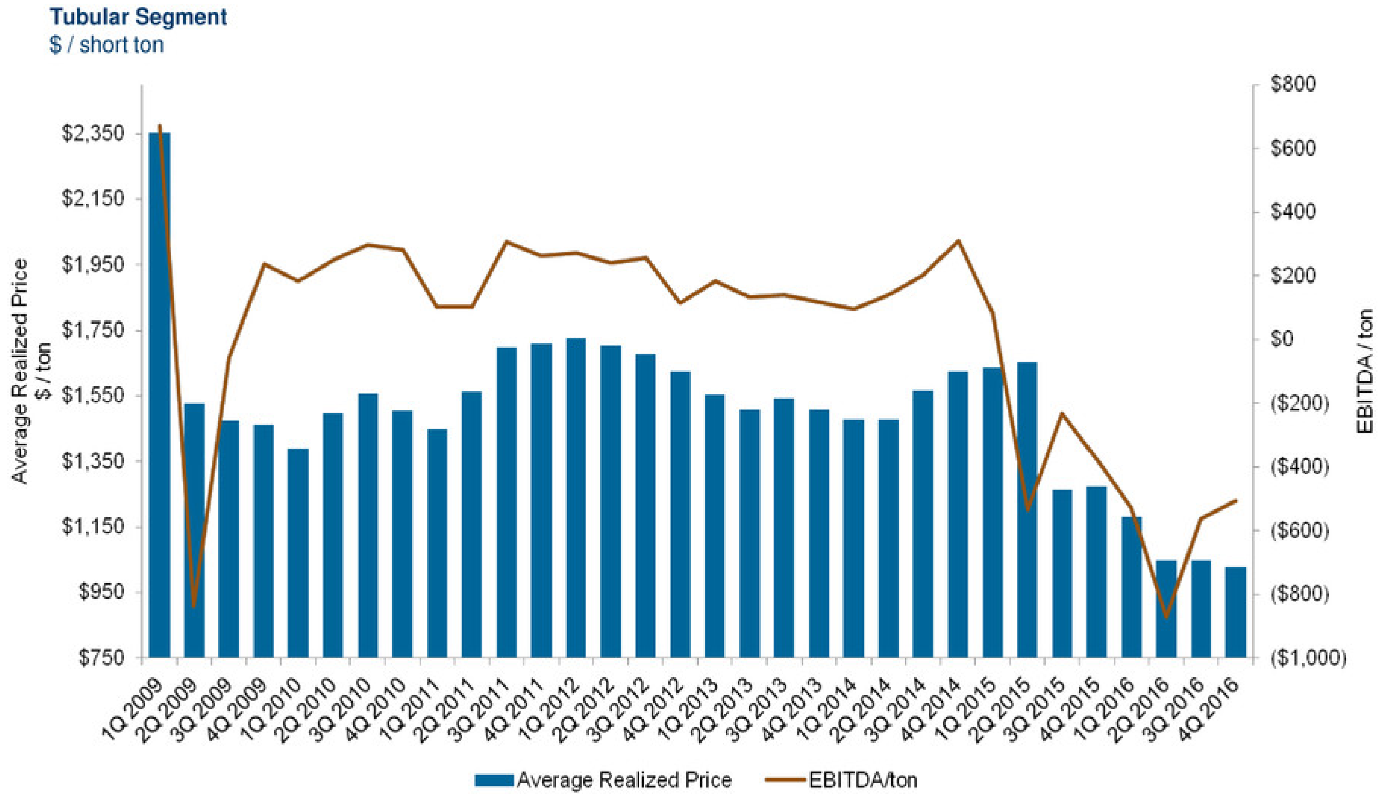
Increased profitability on lower average realized prices



Source: Company Filings

Tubular Segment

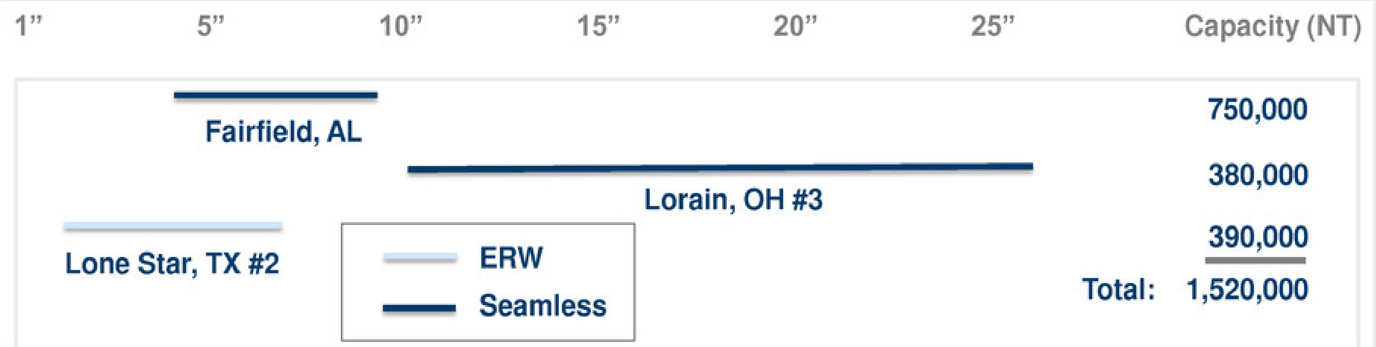
Margins starting to recover from historic lows



Source: Company Filings

Tubular Segment

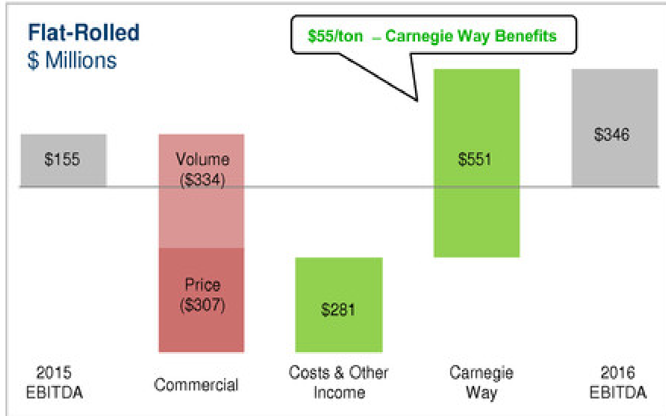
Footprint after recently announced facility shutdowns

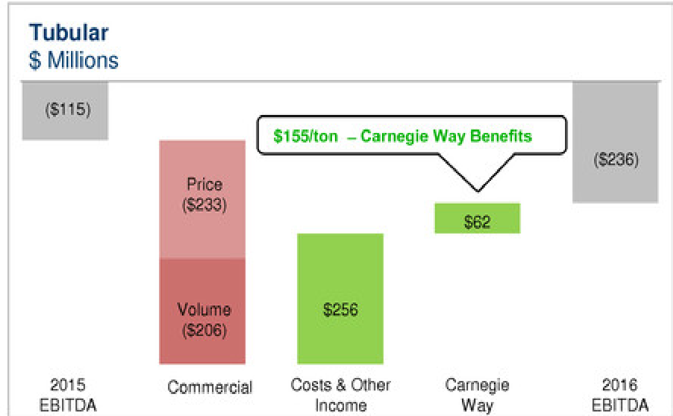


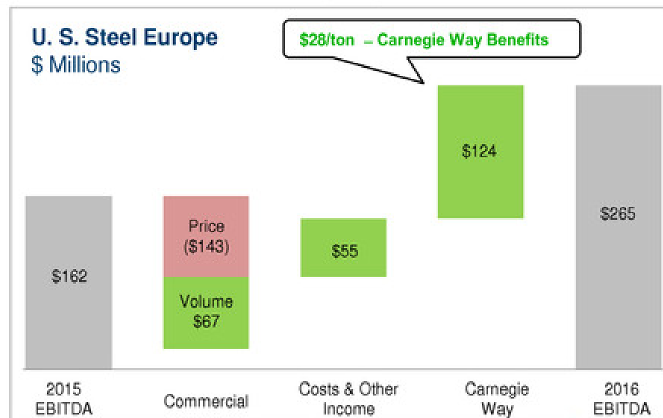
Shift in mix to value-added alloy products

Carnegie Way Transformation Improving Earnings Power

2016 vs. 2015 segment EBITDA







Note: For reconciliation of non-GAAP amounts see below

Adjusted Results

Reconciliation of segment EBITDA

Segment EBITDA – Flat-Rolled ($ millions)	YE 2016	4Q 2016	3Q 2016	2Q 2016	1Q 2016	YE 2015
Segment earnings (loss) before interest and income taxes	($3)	$65	$114	$6	($188)	($237)
Depreciation	349	82	87	89	91	392
Segment EBITDA	$346	$147	$201	$95	($97)	$155

Segment EBITDA – Tubular ($ millions)	YE 2016	4Q 2016	3Q 2016	2Q 2016	1Q 2016	YE 2015
Segment earnings (loss) before interest and income taxes	($304)	($87)	($75)	($78)	($64)	($179)
Depreciation	68	17	17	17	17	64
Segment EBITDA	($236)	($70)	($58)	($61)	($47)	($115)

Segment EBITDA – U. S. Steel Europe ($ millions)	YE 2016	4Q 2016	3Q 2016	2Q 2016	1Q 2016	YE 2015
Segment earnings (loss) before interest and income taxes	$185	$63	$81	$55	($14)	$81
Depreciation	80	20	21	20	19	81
Segment EBITDA	$265	$83	$102	$75	$5	$162

Net Earnings and EBITDA Included in Outlook

Reconciliation of net earnings to EBITDA included in Outlook

($ millions)	FY 2017
Projected net earnings attributable to United States Steel Corporation included in Outlook	$535
Estimated income tax expense	60
Estimated net interest and other financial costs	245
Estimated depreciation, depletion and amortization	460
Projected annual EBITDA included in Outlook	$1,300

Net Debt

Reconciliation of net debt

Net Debt ($ millions)	YE 2016	YE 2015	YE 2014	YE 2013
Short-term debt and current maturities of long-term debt	$50	$45	$378	$323
Long-term debt, less unamortized discount	2,981	3,093	3,086	3,576
Total Debt	$3,031	$3,138	$3,464	$3,899
Less: Cash and cash equivalents	1,515	755	1,354	604
Net Debt	$1,516	$2,383	$2,110	$3,295

Adjusted Results

Reconciliation of reported and adjusted net earnings (losses)

($ millions)	FY 2016	4Q 2016	3Q 2016	2Q 2016	1Q 2016
Reported net earnings (loss)	($440)	($105)	$51	($46)	($340)
Supplemental unemployment and severance costs and other charges	(2)	(4)	—	(23)	25
Loss on shutdown of certain tubular pipe mill assets	126	126	—	—	—
Loss on debt extinguishment	22	—	—	24	(2)
Granite City Works temporary idling charges	18	18	—	—	—
Impairment of equity investment	12	12	—	—	—
Impairment of intangible assets	14	—	14	—	—
Adjusted net earnings (loss)	($250)	$47	$65	($45)	($317)

Adjusted Results

Reconciliation of reported and adjusted diluted EPS (LPS)

($ per share)	FY 2016	4Q 2016	3Q 2016	2Q 2016	1Q 2016
Reported diluted EPS (LPS)	($2.81)	($0.61)	$0.32	($0.32)	($2.32)
Supplemental unemployment and severance costs and other charges	(0.01)	(0.03)	–	(0.16)	0.17
Loss on shutdown of certain tubular pipe mill assets	0.80	0.73	–	–	–
Losses associated with U. S. Steel Canada Inc.	–	–	–	–	–
Loss on debt extinguishment	0.14	–	–	0.17	(0.03)
Granite City Works temporary idling charges	0.11	0.11	–	–	–
Impairment of equity investment	0.08	0.07	–	–	–
Impairment of intangible assets	0.09	–	0.08	–	–
Loss on retirement of senior convertible notes	–	–	–	–	–
Postemployment benefit actuarial adjustment	–	–	–	–	–
Deferred tax asset valuation allowance	–	–	–	–	–
Adjusted diluted EPS (LPS)	($1.60)	$0.27	$0.40	($0.31)	($2.18)

Adjusted Results

Reconciliation of adjusted EBITDA

($ millions)	FY 2016	4Q 2016	3Q 2016	2Q 2016	1Q 2016
Reported net earnings (loss)	($440)	($105)	$51	($46)	($340)
Income tax provision (benefit)	24	(2)	19	(7)	14
Net interest and other financial costs	251	43	62	81	65
Reported earnings (loss) before interest and income taxes	($165)	($64)	$132	$28	($261)
Depreciation, depletion and amortization expense	507	123	126	129	129
EBITDA	$342	$59	$258	$157	($132)
Supplemental unemployment and severance costs and other charges	(2)	(4)	—	(23)	25
Loss on shutdown of certain tubular pipe mill assets	126	126	—	—	—
Granite City Works temporary idling charges	18	18	—	—	—
Impairment of equity investment	12	12	—	—	—
Impairment of intangible assets	14	—	14	—	—
Adjusted EBITDA	$510	$211	$272	134	($107)

United States Steel Corporation

Fourth Quarter 2016

Questions and Answers

January 31, 2017

Cautionary Note Regarding Forward-Looking Statements

This document 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 "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 to "we," "us," "our," the "Company," and "U. S. Steel," refer to United States Steel Corporation and its Consolidated Subsidiaries.

1. Your stock has been very volatile. Why is this so and what are you doing to reduce the impact of cyclicality on your results?

The global steel industry is a cyclical industry and steel selling prices can change fairly quickly. Our operating configuration has significant leverage to steel selling price and volume changes to both the upside and the downside, resulting in significant earnings volatility on a quarter-to- quarter basis. The volatility of our earnings is also affected by the consistency and reliability of our operations. One objective of our Carnegie Way transformation is to create a lower and more flexible cost structure, as well as more flexible and reliable operations in order to mitigate the financial impact of this volatility. We are reducing our break-even point by adjusting our footprint, improving our hot-rolled band costs, and reducing overhead costs. While we cannot control or reduce the cyclicality of the global steel industry, we can control our costs and create a more flexible business model that will produce stronger and more consistent results across industry cycles.

2. Is the Carnegie Way just a cost cutting initiative?

No - it is much more than a cost cutting initiative, improving all our core business processes, including commercial, manufacturing, supply chain, procurement, innovation, and functional support. Carnegie Way is our culture and the way we run the business. We focus on our strengths and how we can create the most value for our stockholders and best serve our customers.

We have achieved sustainable cost improvements through process efficiencies and our investments in reliability centered maintenance (RCM), and we will continue to find process improvements that enable us to better serve our customers and reward our stakeholders. Additionally, if we find that changes cannot be implemented and value cannot be created for our customers and stockholders, we exit those underperforming areas. Opportunities are greatest where we make money for our stockholders and our customers. When we deliver value, we can provide good jobs and benefits to our employees and help support the communities in which we do business.

3. What portion of the Carnegie Way benefits are cash vs. P&L items?

All disclosed Carnegie Way benefits run through P&L, primarily through cost of sales and selling, general and administrative expenses. We also have Carnegie Way projects that generate cash-only benefits, for example working capital projects, but these are not included in our disclosed Carnegie Way benefits.

4. You have mentioned that there is increased focus on earning economic profit. What is the definition of economic profit?

The term profit typically refers to any positive income for a business enterprise. Economic profit has a higher threshold and refers to income in excess of an enterprise's weighted average cost of capital, which includes the cost of equity as well as the cost of debt. Economic profit is true value creation as it provides stockholder returns above the weighted average cost of capital.

5. What are the latest developments regarding the Vietnam circumvention trade case?

In September 2016, U. S. Steel, along with other steel producers, filed requests with the U.S. Department of Commerce (DOC) to investigate whether imports of cold-rolled steel and CORE 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. The DOC initiated the investigation in November 2016 and in December 2016 identified and sent questionnaires to Vietnamese producers, requesting confidential quantity and value information. The DOC received responses from Vietnamese producers on December 28, 2016. The entire proceeding should be completed within 300 days of the date of publication of its initiation determination, unless the deadline is extended by the DOC. A link to the filing is available on the DOC's electronic filing site (https://access.trade.gov/). Applicable case numbers include: A-570-026, C-570-027, A-570-029, and C-570-030.

6. What is the current status of your Section 337 filing?

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 International Trade Commission (ITC) instituted an investigation on all three causes. On November 14, 2016, the Administrative Law Judge (ALJ) issued an order granting Respondents' motion to terminate the Complainant's antitrust claim. On November 23, 2016, U. S. Steel petitioned for review of the ALJ's determination granting the Respondents' motion to terminate the antitrust claim. On December 19, 2016, the ITC announced it will review the ALJ's determination and invited interested parties to file written submissions. The ITC is expected to issue a determination on or before February 24, 2017. Upon review of all written submissions, the Commission will also determine whether to conduct oral arguments, which, if granted, will be held on March 14, 2017. On January 12, 2016, the ALJ granted the Repondent's motion to dismiss U. S. Steel's trans-shipment claim. On January 23, 2016, U. S. Steel filed a petition for review of that determination. The remedy sought in the petition is the barring of all Chinese carbon and steel and alloy steel products from the U.S. market.

7. What is the current status of the flat-rolled trade cases?

U. S. Steel, along with other steel producers, continues to defend the recent orders imposed in the flat-rolled cases at the Court of International Trade. The affirmative decisions reached in 2016 will directly benefit us by limiting subject imports that are being unfairly traded from entering our markets and helping to provide a more level playing field.

The following tables summarize the final dumping and countervailing duty margins received for each of the three flat-rolled cases. Please refer to our Form 10-K, filed with the Securities and Exchange Commission, for a detailed discussion of International Trade matters.

Corrosion-Resistant

Country	Countervailing Duties Final July 25, 2016	Antidumping Duties Final July 25, 2016
China	39.05 - 241.07%	209.97%
India	8.00 - 29.46%	3.05 - 4.43%
Italy	0.07 - 38.51%	12.63 - 92.12%
Korea	0.72 (de minimis) - 1.19%	8.75 - 47.80%
Taiwan	0.00%	10.34%

Source: U. S. Department of Commerce

Cold-Rolled

Country	Countervailing Duties Final July 14/Sept. 20, 2016	Antidumping Duties Final July 17/Sept. 20, 2016
Brazil	11.09 - 11.31%	19.58 - 35.43%
China	256.44%	265.79%
India	10.00%	7.60%
Japan	---	71.35%
Korea	3.91 - 59.72%	6.32 - 34.33%
Russia [1]	---	---
United Kingdom	---	5.40 - 25.56%

Source: U. S. Department of Commerce

[1] In its final phase investigation, the ITC issued a negative injury determination against Russia. Thus, no AD or CVD Orders were issued against Russia. The DOC's final countervailing duty rates for Russia were between 0.62 (de minimis) - 6.95% and the final antidumping duty rates for Russia were between 1.04 (de minimis) - 13.36%.

Hot-Rolled

Country	Countervailing Duties Final October 3, 2016	Antidumping Duties Final October 3, 2016
Australia	---	29.58%
Brazil	11.09 - 11.30%	33.14 - 34.28%
Japan	---	4.99 - 7.51%
Korea	3.89 - 58.68%	3.89 - 9.49%
Netherlands	---	3.73%
Turkey	---[2]	3.66 - 7.15%
United Kingdom	---	33.06%

Source: U. S. Department of Commerce

8. How are the Commercial Entities improving the Company and how has the strategy evolved?

Our Commercial Entities are helping us get closer to our customers and driving an increased focus on quality and delivery to meet their needs. Since the formation of our Commercial Entities was announced in November 2014, we have placed high-priority on integrating with and listening to our customers to find out what they need from U. S. Steel, where they are headed in terms of product development and how we can create value in helping them get there. This enhanced engagement over the past two years resulted in specific capital investments that we are making to respond to our customers' requests. In August 2016, we completed a stock offering, the net proceeds of which we intend to use, in part, to fund these investments.

9. Can you tell us more about your asset revitalization plan?

What is it?

Our asset revitalization plan is a comprehensive investment plan, anchored in the Carnegie Way, to improve our profitability and competitiveness through projects designed to improve product capability and quality, and our operating reliability, efficiency and cost. The program focus is on investments in our existing Flat-Rolled segment assets, our people, and our processes. This targeted investment program will ensure maximum impact to our stockholders, customers and employees.

[2] In its final phase investigation, the ITC found that imports of hot-rolled steel that were found to be subsidized by the government of Turkey were negligible. Therefore, no CVD order was issued against Turkey.

Why are you doing it?

The performance expectations of our customers are constantly increasing, and we need to be investing in our assets at a pace that will allow us to keep up with these increasing standards. On the quality side, we need to reduce our existing diversion, retreat and claim rates, and on the delivery side, consistency is the key. We will increase our spending on critical infrastructure in order to reduce major events that disrupt our entire supply chain, and to reduce our unplanned downtime and improve our reliability centered maintenance capabilities.

How are you doing it?

Importantly, while this is a large program, the majority of projects are not large, complex projects. Forty percent of the total program spend is expected to be on projects that cost less than $10 million, and sixty percent of the total program spend is expected to be on projects that cost less than $20 million. This means that assumptions are more accurate, and projects are easier to execute. Due to the smaller nature of many of the projects, we do not have to complete the entire program in order to start seeing benefits. Also, by breaking the program down into a series of smaller projects we have greater flexibility to adjust the scope and pace of project implementation based on changes in business conditions.

How long will it take?

In order to ensure that we obtain the desired results from our asset revitalization efforts, it was necessary to properly plan and schedule a large number of projects. The development and scheduling of these projects required the input and coordinated efforts of hundreds of people from across the Flat-Rolled segment footprint. Once the project portfolio was prepared and optimized, actual implementation efforts needed to be coordinated with production and maintenance schedules to minimize the disruption to production operations. The work requires outages on many facilities and we are making sure we can support our customers at the same time as we revitalize our assets. As a result, we expect the implementation schedule will stretch over a period of at least three years.

How much will it cost?

We currently expect our investment in asset revitalization in 2017 to be approximately $200 million higher as compared to 2016. As noted above, we have the ability to adjust the scope and pace of implementing our plan based on changes in business conditions, so we are not in a position to speculate on annual investments in future years at this time.

How does it create value?

Our asset revitalization plan is not just sustaining capital and maintenance spending; these projects will deliver both operational and commercial benefits, with most of the benefits coming from operational improvements. The commercial benefits we expect to realize will be driven primarily by things we can control, such as better product quality, improved delivery performance, and increased throughput on constrained assets.

After we complete our full asset revitalization plan, we will have well maintained facilities with a strong core infrastructure, and strong reliability centered maintenance organizations. We will deliver products to our customers with improved reliability and quality.

Executing this plan is a critical milestone in the Carnegie Way journey to take us from "earning the right to grow" to "driving and sustaining profitable growth."

10. Can you provide more details on your agreements to sell iron ore pellets to third party customers, and how you will be reporting earnings for these sales?

We have entered into iron ore pellet supply agreements with both North American and international customers, under various terms and conditions. There are both short term and multi-year agreements. Pricing terms include both fixed and adjustable arrangements. There are both fixed and requirements based volume arrangements. Our iron ore mining operations are part of our Flat-Rolled segment. Results from iron ore pellet sales to third party customers will be included in our Flat-Rolled segment results and will not be reported separately.

11. How are you responding to the threat from aluminum in the auto industry?

We currently expect that advanced high strength steel (AHSS) demand in automotive will continue to grow. We believe AHSS provides a strong and viable solution for our customers and we are leading the development and commercialization of AHSS in North America.

The continued development of AHSS, particularly Generation 1 Plus and Generation 3 AHSS, enables us to provide our automotive customers with a steel intensive total vehicle solution. These solutions will help our customers meet the increased CAFÉ and safety standards of future vehicles at a very attractive and competitive value proposition compared with potential alternative materials.

We have made progress developing AHSS for automotive applications up to and including Generation 3 steels that possess unique properties in terms of strength, formability and toughness for light weighting and crash worthiness. We are working closely with customers on specific applications for their use incorporating advanced analytic techniques for geometry, grade and gauge redesign.

12. Can you comment on the recent rumors that you are negotiating a sale of U. S. Steel Košice (USSK)?

We do not comment on rumors and speculation. However, as part of our ongoing Carnegie Way transformation, we actively review and work to improve the performance and long-term viability of our entire company. Potential strategic and organizational opportunities, which may include the acquisition, divestiture or other strategic action with regard to certain assets, are continuously reviewed. We are focused on creating value for our stockholders and will consider any strategic options that have the potential to increase value for them. USSK continues to deliver solid results, as evidenced by their performance in the fourth quarter of 2016. We have had indications of interest over the years for many of our assets, including USSK. As with any business decision, we evaluate opportunities through the lenses of value creation, strategic fit, feasibility and risk; however, no decisions have been made at this time. Overall, we are continuing to focus on efforts to:

- Strengthen our balance sheet;
- Implement our previously announced asset revitalization plan, which will improve our quality, reliability, and product capabilities; and
- Drive the development of innovative products and solutions that will create value for our customers, helping to keep steel the material of choice in a variety of applications.

13. What steps have you taken to mitigate the losses from the Tubular segment?

Our Tubular segment continues to experience steep financial losses. We have taken swift and meaningful steps to stem these losses while still serving our customers. We addressed losses in our Tubular segment by idling certain facilities within the segment while permanently shutting down other facilities. We permanently shut down the Lorain Tubular #4 mill, Lone Star #1 mill, and Bellville Tubular Operations. We also sold the assets at our McKeesport Operations. Lone Star #2 mill remains idled. We also reduced overhead costs at both the segment and corporate level. These actions are the latest in our ongoing adjustment to operations due to challenging market conditions.

14. Given the current state of the energy market and the challenges for the Tubular segment, are you considering selling these assets? Are you considering any other asset sales?

We continuously evaluate potential strategic and organizational opportunities, which may include the acquisition, divestiture or consolidation of certain assets. We are focused on creating value, and are compelled to consider any strategic options that have the potential to increase value to our stockholders. We have had indications of interest over the years for many of our assets. As with any business decision, we evaluate these opportunities through the lenses of value creation, strategic fit, feasibility, and risk. As we have demonstrated over the last several years, if we do not have line of sight to economic profit for any of our businesses or assets, we will move decisively to protect the interests of our stockholders.

15. What would it take to resume the electric arc furnace project at Fairfield?

On December 21, 2015, we announced the decision to postpone the construction of the electric arc furnace (EAF) due to continued challenging market conditions in both the oil and gas and steel industries. A decision to resume the EAF project would require a significant and sustainable turnaround in the oil and gas market, most likely driven by higher and less volatile oil prices that would serve as the impetus needed to bring rigs back online.

16. What was your utilization rate in 4Q 2016, excluding the temporarily idled Granite City Works?

Our reported Flat-Rolled raw steel capability utilization rate in 4Q 2016 was 57% based on 17 million net tons of annual capacity. To calculate the utilization rate of our active mills, exclude the 2.8 million net tons of annual capacity at Granite City. This would result in an adjusted utilization rate of 69%.

17. Where do lead times currently stand?

Lead times for hot-rolled coil products are currently approximately five weeks. Cold-rolled and coated products are approximately eight weeks.

18. What is your exposure to changes in global metallurgical coal costs?

Our delivered coal cost is expected to increase by $19/ton in 2017 compared to 2016 coal costs.

Our annual coal requirements have decreased as we permanently shutdown cokemaking capacity concurrent with the permanent shutdown of steelmaking capacity in 2014. Our current domestic cokemaking operations, plus the Suncoke Gateway operations, running at full capacity would consume approximately 6.5 to 7.0 million tons of coal annually, which would support approximately 16 million tons of raw steelmaking capacity.

We purchase coal for our European operations under arrangements that typically have quarterly pricing resets. Our European cokemaking operations running at full capacity would consume approximately 2 million tons of coal annually, which would support approximately 4.5 million tons of raw steelmaking capacity.

19. What is the status of the U. S. Steel Canada (USSC) Companies' Creditors Arrangement Act (CCAA) process?

We announced in November 2016 that we had agreed to proposed terms with Bedrock Industries Group LLC ("Bedrock") regarding the sale and transition of ownership of U. S. Steel Canada, Inc. ("USSC") to Bedrock. Since then, USSC was granted an order approving Bedrock as the successful bidder under the Sale and Investment Solicitation Process Order which authorized USSC to enter into a CCAA Acquisition and Plan Sponsor Agreement with Bedrock and a Province Support Agreement with the Province of Ontario relating to the restructuring transaction with Bedrock. As of December 31, 2016, the definitive agreements and CCAA plan of arrangement and compromise are still being negotiated between the stakeholders, including the Hamilton Works union.

As part of the proposed transition in ownership, we will continue to provide certain shared services to USSC. Should the transaction ultimately close, we expect to receive approximately $126 million in satisfaction of the full value of our secured claims, including accrued interest. The proposed terms of the agreement also provide for a release of all claims against us regarding environmental, pension and other liabilities. We also expect to enter into an agreement to supply all of the iron ore requirements at the acquired USSC operations through 2021.