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):
July 25, 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company [ ]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act [ ]

Item 7.01. Regulation FD Disclosure.

On July 25, 2017, United States Steel Corporation (the "Corporation") posted to its website an earnings presentation and a question and answer document related to the Corporation's financial results for the second quarter of 2017. In accordance with General Instruction B.2 of Form 8-K, the information contained in this Item 7.01 and the earnings presentation and question and answer document are being furnished under Item 7.01 of Form 8-K and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall such information and exhibits be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing. Both documents are furnished with this current report on Form 8-K as Exhibits 99.1 and 99.2.

Item 8.01. Other Events.

On July 26, 2017, the Corporation will conduct a conference call to discuss its results for the second quarter 2017.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

99.1 Second Quarter 2017 Earnings Presentation and Remarks.

99.2 Second Quarter 2017 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: July 25, 2017

United States Steel Corporation

United States Steel Corporation

Second Quarter 2017
Earnings Presentation

July 25, 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 second quarter of 2017. They should be read in conjunction with the consolidated financial statements and notes to consolidated financial statements contained in our Quarterly Report on Form 10-Q, 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, 2016, 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 gains (losses) associated with our retained interest in U. S. Steel Canada Inc., restructuring charges and impairment charges that are not part of the Company's core operations. Adjusted EBITDA is also a non-GAAP measure that excludes the effects of gains (losses) associated with our retained interest in U. S. Steel Canada Inc., restructuring charges and impairment charges. 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 gains (losses) associated with our retained interest in U. S. Steel Canada Inc., restructuring charges and impairment charges 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 remain at their current levels, we expect:
  - 2017 net earnings of approximately $300 million, or $1.70 per share, and consolidated adjusted EBITDA of approximately $1.1 billion.
    - EBITDA by Segment;
      - Flat-Rolled EBITDA of approximately $750 million;
      - U. S. Steel Europe EBITDA of approximately $400 million;
      - Tubular EBITDA of approximately ($50) million; and

- Other Businesses to be comparable to 2016 and approximately $60 million of postretirement benefit expense.

- We believe market conditions, which include spot prices, raw material costs, customer demand, import volumes, supply chain inventories, rig counts and energy prices, will change, and as changes occur during the balance of 2017, we expect these changes to be reflected in our net earnings and adjusted EBITDA.

We are seeing a more bullish sentiment in the markets served by our Flat-Rolled and European segments right now, as prices have been increasing and overall demand has been stable. Our Tubular segment continues to benefit from operational and cost improvements we have made, as well as from stronger market conditions.

Our investment in our facilities and our people continues to increase. These strategic investments, combined with our focus on achieving operational excellence, will deliver continuous improvements in safety, quality, delivery and costs that will position us to succeed through business cycles, and support future growth initiatives.

See the Appendix for the reconciliation of Outlook net earnings to consolidated Outlook adjusted EBITDA and Outlook segment earnings (loss) before interest and income taxes to segment Outlook EBITDA.

Focusing on operations

Flat-Rolled Segment asset revitalization program

A comprehensive program to:

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

A structured and flexible program:

- 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 Flat-Rolled segment asset revitalization program is a comprehensive investment plan with a continuous focus on improving safety, quality, delivery and costs. As we revitalize our assets, we expect to increase profitability, productivity, operational consistency, and reduce volatility.

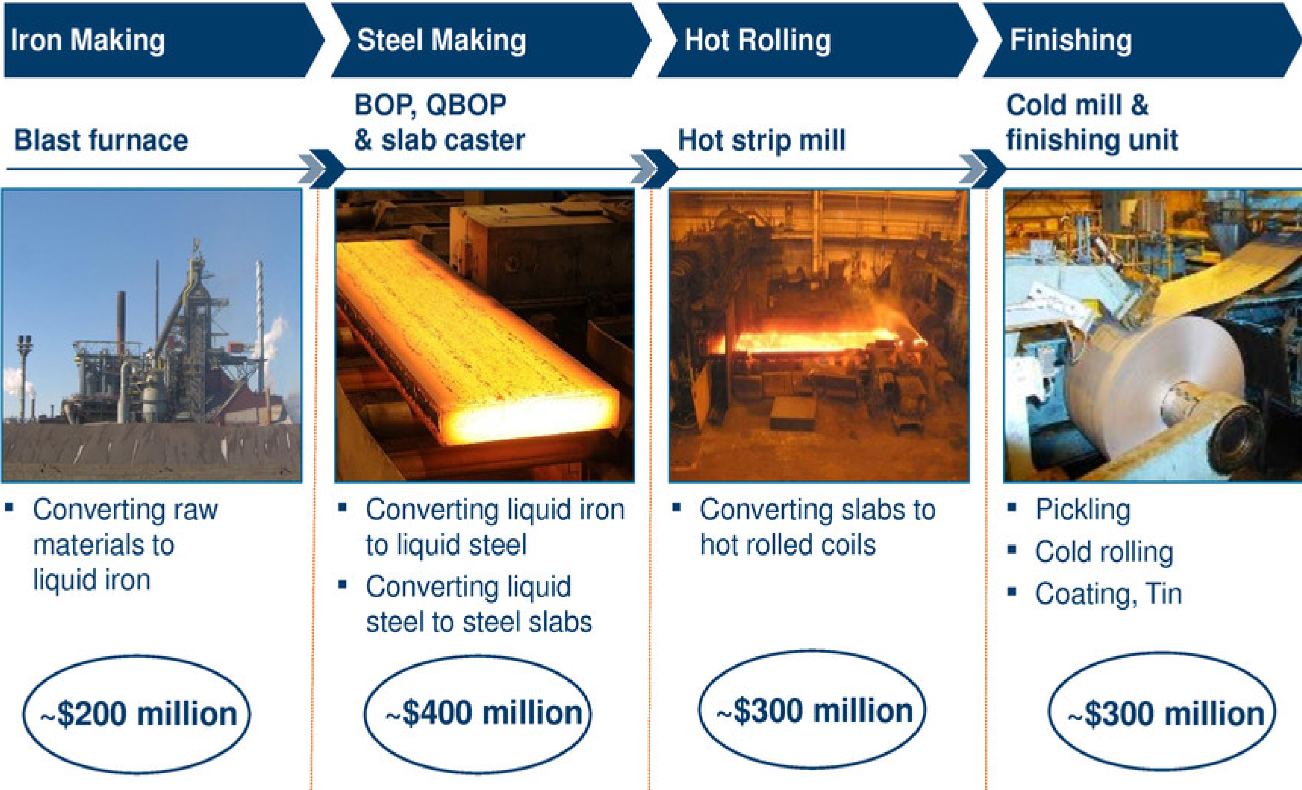
This program is designed to prioritize investment in the areas with the highest returns. Importantly, while this is a large program, the majority of projects are not large, complex projects. This means that projects are easier to execute. Due to the smaller nature of many of the projects, we do not have 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.

Our asset revitalization program covers investments in our existing assets, but 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. Being regarded as a top quartile performer in the eyes of our customers will support sustainable commercial benefits from these investments. After we complete our full asset revitalization program, 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.

While this program only covers our existing assets, it will create a stable foundation for our future as we continue to evaluate strategic growth projects to strengthen our position as the markets we serve continue to grow and evolve.

Flat-Rolled Segment asset revitalization program

Projected capital spending by production process



Iron Making	Steel Making	Hot Rolling	Finishing
Blast furnace	BOP, QBOP & slab caster	Hot strip mill	Cold mill & finishing unit
▪ Converting raw materials to liquid iron	▪ Converting liquid iron to liquid steel ▪ Converting liquid steel to steel slabs	▪ Converting slabs to hot rolled coils	▪ Pickling ▪ Cold rolling ▪ Coating, Tin
~$200 million	~$400 million	~$300 million	~$300 million

We currently expect capital spending for our asset revitalization program to be approximately $1.2 billion from 2017 through 2020. We are investing in our assets throughout the entire production process, with targeted improvements in operating efficiency, unplanned downtime, reliability, quality and costs. While this program covers a wide range of assets in our Flat-Rolled segment, we are placing a strong emphasis on thirteen of our most critical assets. In iron making, these critical assets are the blast furnaces at Gary Works and Great Lakes Works. In steel making, they are the steel shop and caster at Gary Works and the steel shop at Mon Valley Works. In hot rolling, they are the hot strip mills at Gary Works, Great Lakes Works and Mon Valley Works. In finishing, it is the cold mill at Mon Valley Works.

We currently expect the timing of the capital spending for our asset revitalization program to be as follows:

- Approximately $200 - $250 million in 2017
- Approximately $450 - $500 million in 2018
- Balance to be spent in 2019 and 2020

By 2020 we expect the Flat-Rolled Segment asset revitalization program to deliver:

- Increased hot rolled band production capability at Gary Works, Great Lakes Works and Mon Valley Works by a total of approximately 1 million tons from our current 2017 forecast of approximately 10 million tons
- EBITDA improvement by 2020 of approximately $275 - $325 million annually as compared with 2016 as the base year, assuming current raw materials costs and other market factors

This projected EBITDA improvement of $275 - $325 million would imply an internal rate of return range of 15% - 20%, well above our weighted average cost of capital.

Flat-Rolled Segment asset revitalization program

Project update

Production Process	Completed Project	Future Project
Iron Making	• Great Lakes Works B2 Blast Furnace Bell and Hopper Replacement • $4 million invested (capital + expense) • Completed in 2Q 2017 • Reduces costs and improves reliability	• Gary Works #6 BF Outage • $26 million estimated investment • Targeting completion in 4Q 2017 • Improves reliability
Steel Making	• Mon Valley Works BOP Cooling Tower • $2 million invested (capital + expense) • Completed in 1Q 2017 • Reduces costs and improves reliability	• Gary Works Casters A Line Turret Bearing • $6 million estimated investment • Targeting completion in 4Q 2017 • Improves reliability
Hot Rolling	• Gary Works Hot Strip Mill Restoration Plan (Phase 1) • $23 million invested (capital + expense) • Completed in 1Q 2017 • Improves reliability, quality, and product capability	• Mon Valley Works Hot Strip Mill #6 Discharge Table / Rolls and Bearings • $1 million estimated investment • Targeting completion in 3Q 2017 • Reduces costs and improves quality
Finishing	• Midwest Tin ETLM Plater Structural Improvements • $1 million invested (capital + expense) • Completed in 2Q 2017 • Reduces costs	• Gary Works 84” Pickle Waste Liquor Line • $1 million estimated investment • Targeting completion in 4Q 2017 • Improves reliability

We completed 65 projects in the first six months of 2017 with total capital spending (completed + in progress projects) of approximately $30 million. We expect to complete 80 projects in 3Q with total capital spending (completed + in progress projects) of approximately $70 million.

Iron Making – Great Lakes Works B2 Blast Furnace Bell and Hopper Replacement

- Several areas of the blast furnace were addressed but key activities included replacing the furnace top, installing new internal refractory lining, and updating the hoisting and charging PLC.
- Improves the overall reliability and cost structure on B2 furnace by addressing systemic issues. On July 3, achieved a daily production record in the 65-year history of this furnace.

Steel Making – Mon Valley Works BOP Cooling Tower

- Demolition and replacement of the Steel Shop Hood Cooling Tower at our Edgar Thomson Plant.
- Ensures adequate water flow and cooling for the Steel Shop hoods, preventing thermal damage and prolonging the useful life of costly equipment, improves efficiency, and reduces energy costs.

Hot Rolling – Gary Works Hot Strip Mill Restoration Plan – Phase 1

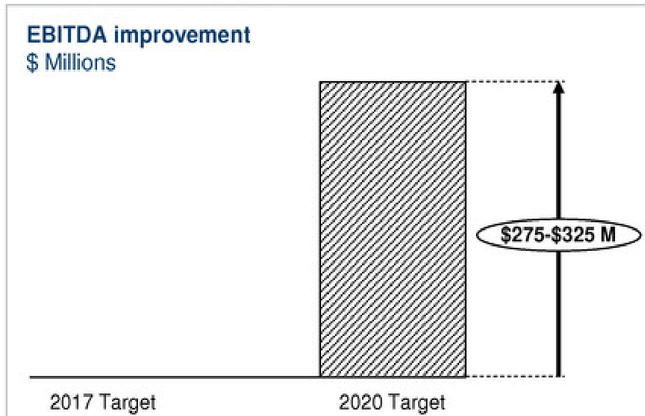
- Primary scope included: table roll foundations, alignments, and innovative design improvements; crop shear upgrade for heavier gauge capability; coiler reliability improvements; and other corrective and preventative maintenance work.
- Expanded product capability, including higher grade products needed by pipe and tube processors. Improved quality, reliability and operating efficiency.

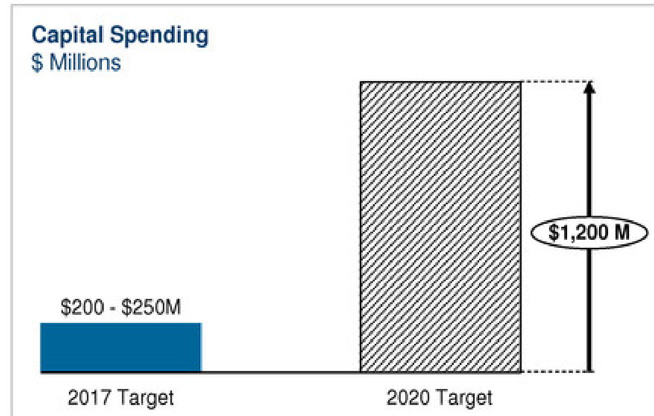
Finishing - Midwest Tin ETLM Plater Structural Improvements

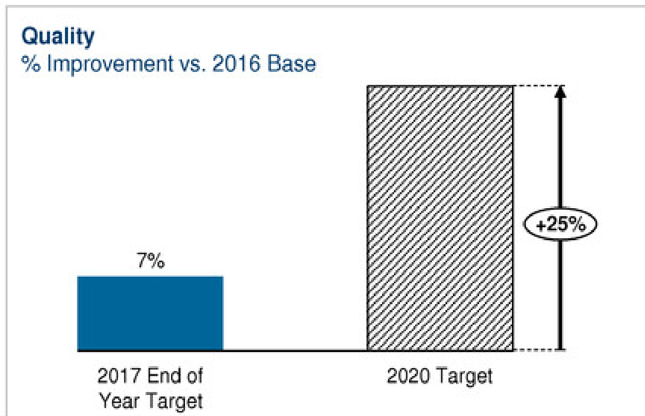
- Improved the structural condition of the plating section on the Midwest Tin line.
- Improves strip tracking through the process, improves quality through reduced plating defects, and reduces longer term structural repair costs.

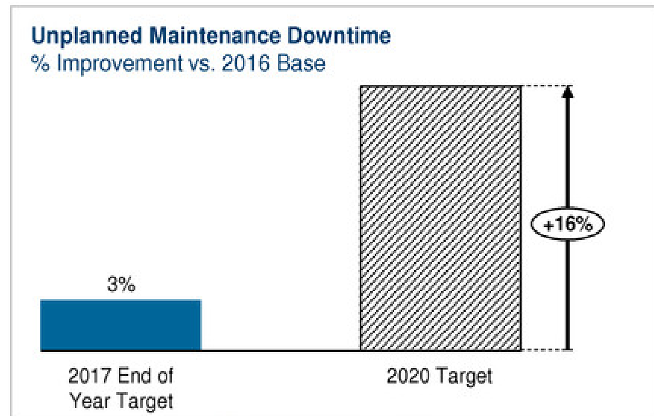
Flat-Rolled Segment asset revitalization program

Performance Scorecard









We have developed a performance scorecard that includes two financial and two non-financial metrics for tracking our progress on implementing our Flat-Rolled Segment asset revitalization program. We believe these metrics will effectively demonstrate how successfully we are implementing the program.

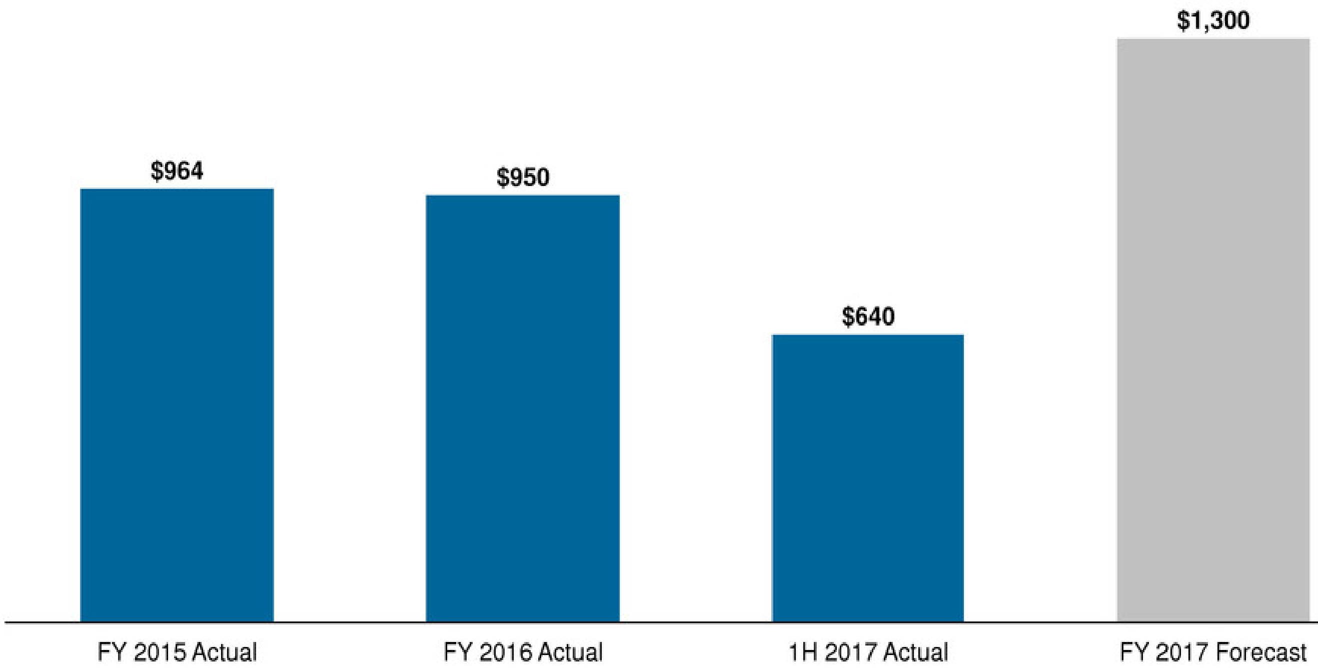
We consider 2017 to be an investment year for the asset revitalization program. Therefore, the 2017 EBITDA improvement target is zero. As we move into 2018, we will begin dollarizing the run-rate benefits of the investments we are making, and we will provide a 2018 target EBITDA improvement. By 2020, we expect the annual EBITDA improvement as a result of our asset revitalization program to be $275-$325 million as compared with 2016 as the base year, assuming current raw materials costs and other market factors.

Our progress against our capital spending projection will show the pace of our progress, and our progress on our quality and unplanned downtime will reflect the operational improvements achieved, which are significant drivers for delivering the targeted EBITDA improvement.

We have established our targets for these metrics at the completion of the program in 2020, and have also established our targets for the progress we expect to make in 2017. When we release our full year 2017 results, we will show how we have performed versus our 2017 targets, and we will establish our targets for 2018.

Annual maintenance and outage expense

Flat-Rolled Segment



We currently expect total maintenance and outage expense for our Flat-Rolled Segment to be approximately $1.3 billion in 2017. This amount includes all normal maintenance and outage expense as well as maintenance and outage expense related to our asset revitalization program, and is a $350 million increase from the $950 million we incurred in 2016.

While our overall maintenance and outage expense in 2015 and 2016 was influenced by the significant steel market downturn that impacted both of those years, at approximately $85 to $90 per ton of raw steel production, this still reflects a commitment to maintaining our facilities even under difficult circumstances.

Market Updates*

Major industry summary and market fundamentals

Flat-Rolled

June vehicle sales 3% lower than May to a SAAR of 16.41 million

2017 U.S. appliance shipments expected to increase 4-6%

The June Architectural Billing Index (construction leading indicator) up 2% versus May to 54.2

June MSCI carbon flat-rolled inventory at a low 1.9 months (unadjusted).

Tubular

Drilling rates increased during 2Q

WTI oil prices averaged $48/barrel in 2Q, down $3/barrel versus 1Q

OCTG supply chain inventory is below 3 months of supply

During 2Q, imports share of U.S. OCTG apparent market demand is projected to exceed 50%

U. S. Steel Europe

V4** car production is expected to increase by 1.2% in 2017

Appliance sector in the EU is expected to grow 1.9% in 2017, while the appliance sector in Central Europe is expected to grow by 1.3%

EU construction output expected to grow 3.1% in 2017

** 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:

- June U.S. vehicle sales were down 3% versus May to a seasonally adjusted annual rate (SAAR) of 16.41 million; inventories have been above 70 days for 5 of 6 months in 2017.
- Construction indicators are positive. The June Dodge Momentum Index, a forward indicator of non-residential construction, is 12.4% higher than at the beginning of 2016 and up 1.1% in June versus May. The Architectural Billing Index, also a leading indicator of non-residential construction, is up 2% in June versus May.
- June service center flat-rolled inventories are at the low level of 1.9 months. This could lead to re-stocking later in the year.
- OCTG inventories are below 3 months of supply. The industry has generally considered 4-6 months to be normal supply, however recent activity levels suggest this could shift lower.
- Total U.S. rig count was 950 on July 21, 2017, an increase of 135% over the lowest point in May 2016. The increase in the rig count is related to onshore activity, which will primarily benefit our Fairfield seamless and Lone Star welded operations. The offshore rig count has actually declined over the same time period. Our seamless Lorain #3 mill produces large diameter pipe that is historically used for offshore drilling.
- The home market of our European operations remains a good place to do business. Auto production in our home market is expected to grow by 1.2% in 2017 to 3.5 million units. In the broader EU, the construction and appliance markets are expected to grow 3.1% and 1.9%, respectively, in 2017.

Business Update

Operating updates

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

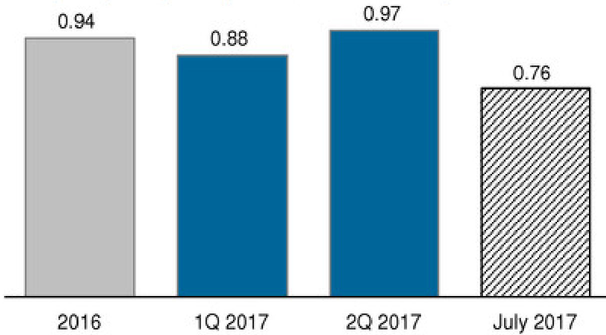
At our Flat-Rolled segment iron ore mining operations, we are operating both our Minntac and Keetac facilities. Our Keetac facility successfully resumed pellet production on February 24, 2017 after having been idled for nearly two years. The restart of Keetac helps support our third party pellet sales, while continuing to meet our current domestic steel making needs.

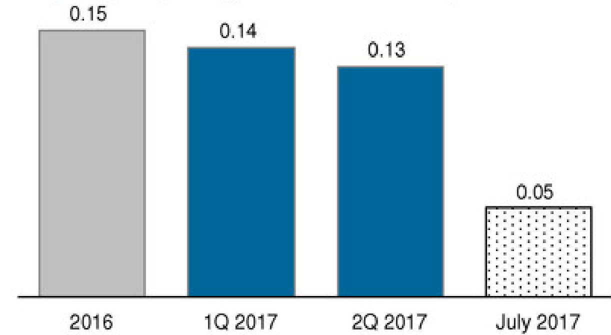
We are currently operating the steel making and finishing facilities at our Gary, Great Lakes and Mon Valley Works. We continue to operate finishing facilities at our Granite City Works, and began rolling slabs on the hot strip mill on February 14, 2017. The steel making operations at Granite City Works remain idled. 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.

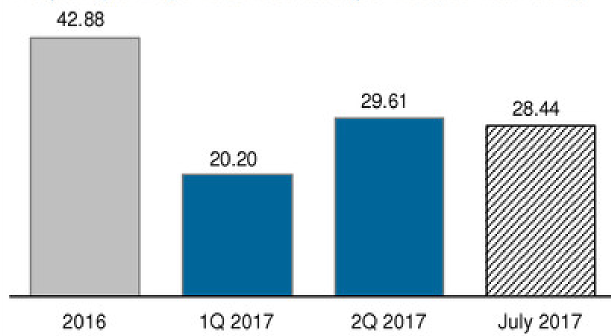
We are currently operating our seamless mills in Fairfield, AL and Lorain, OH. Our seamless mill in Fairfield produces mid-range diameter pipe, while our Lorain #3 mill produces large diameter pipe that is historically used for off-shore drilling. We are currently purchasing rounds from third parties to feed our seamless mills. We restarted our Lone Star #2 welded pipe mill in late April after being idled since April 2016. We permanently shut down the Lorain #6 Quench and Temper mill in March 2017. However, we have decided to relocate the Lorain #6 Quench and Temper equipment to one of several other sites under consideration to optimize our operations.

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

Global Safety Performance







Our objective is to attain a sustainable zero harm culture supported by leadership and owned by an engaged and highly skilled workforce, empowered with the capabilities and resources needed to assess, reduce, and eliminate workplace risks and hazards.

Global OSHA Recordables

- 2017 Recordable Rate 3x better than BLS Iron and Steel Mills
- 2017 Recordable Rate 37% better than AISI

Days Away From Work

- 2017 Days Away Rate 7x better than BLS Iron and Steel Mills
- 2017 Days Away Rate 63% better than AISI

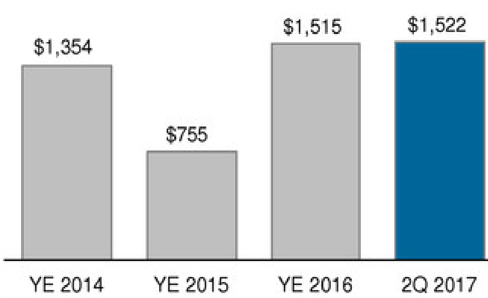
Serious Injury Index (greater than or equal to 31 Days Away)

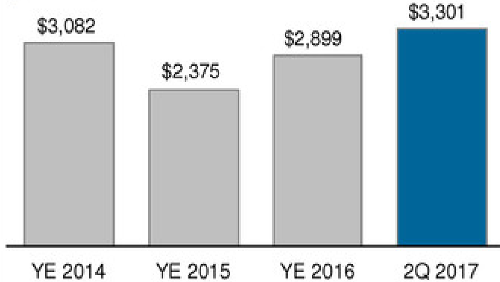
- 2017 Serious Injury Index 5x better than BLS Iron and Steel Mills

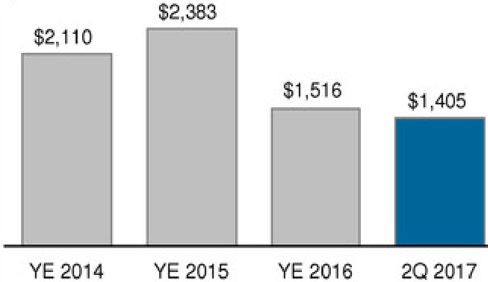
BLS = U.S. Bureau of Labor Statistics
AISI = American Iron and Steel Institute

Financial Flexibility

Strong cash and liquidity positions







Cash conversion cycle at 34 days, 9 day improvement YTD

Lowest net debt since 2Q 2009

Highest liquidity since the separation from Marathon Oil at the end of 2001

Note: For reconciliation of non-GAAP amounts see Appendix

Net cash provided by operating activities was $377 million in the second quarter compared to net cash provided by operating activities of $200 million in the same period last year. The change is primarily due to improved financial results and the receipt of approximately $127 million from the sale and transition of ownership of U. S. Steel Canada Inc. (USSC), now known as Stelco Inc., to Bedrock Industries Group LLC. In addition to the cash we received, we also received a release of all claims against us regarding environmental, pension and other liabilities, and we entered into an agreement to supply USSC with all of its requirements for iron ore pellets through January 31, 2022.

The quarter end cash balance was $1.5 billion, similar to year-end levels, as improved financial results and the approximately $127 million received related to USSC were partially offset by repayment of long-term debt and working capital changes. The cash conversion cycle has improved by nine days since the end of 2016 primarily as a result of on-going inventory initiatives.

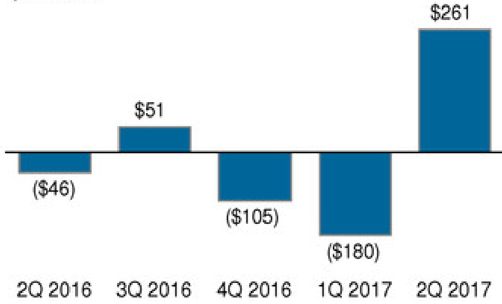
Total liquidity improved significantly from year-end 2016 levels due to improved cash levels and higher Asset Based Loan availability, which was driven by improved profitability as well as collateral levels.

The decrease in net debt was a result of increased cash generation and the repayment of long-term debt.

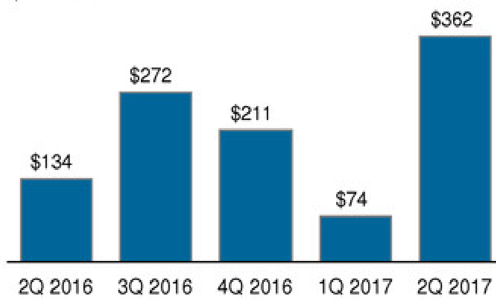
Our strong cash and liquidity position supports our strategic decision to accelerate our asset revitalization efforts.

Second Quarter 2017 Results

Increased shipments and selling prices reflected in results



Best consolidated and segment results since 4Q 2014

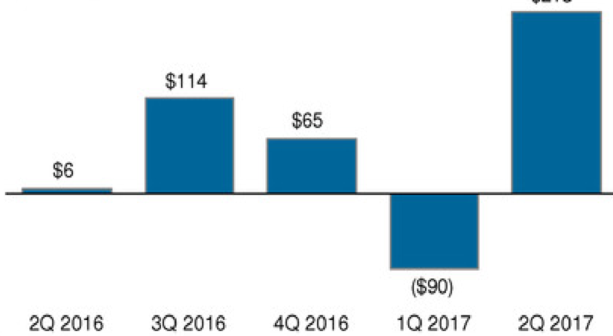


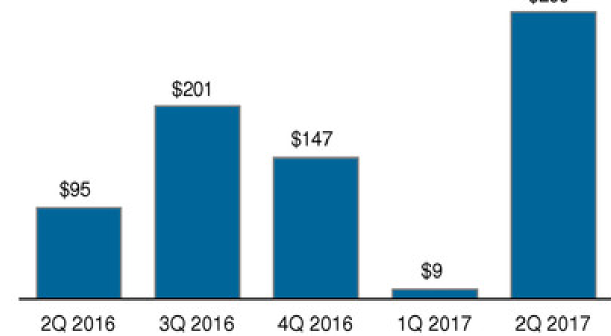
Focused on operations and asset revitalization

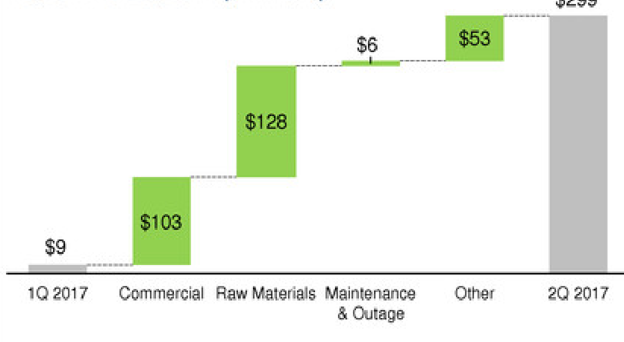
Note: For reconciliation of non-GAAP amounts see Appendix

Our facilities performed better in the second quarter, particularly in our Flat-Rolled segment. Better operations, combined with higher prices and volumes in all of our segments and improved results from our mining operations, resulted in a $300 million improvement in our segment results compared with the first quarter. Our European operations continue to deliver solid earnings and our Tubular operations continue to make progress towards returning to profitability. We are focused on our strategic priorities: driving operational excellence across our business – from our plants to our support teams; investing in our facilities through our asset revitalization program; and providing our employees with the resources they need to implement positive, substantive changes. Successful execution of this strategy will result in continuous improvements in safety, quality, delivery and costs and create meaningful value and returns for all of our stakeholders, including employees, customers and stockholders.

Second Quarter 2017 Flat-Rolled Segment







Flat-Rolled showing meaningful improvement

Note: For reconciliation of non-GAAP amounts see Appendix

Second quarter results for our Flat-Rolled segment improved significantly compared with the first quarter, primarily due to higher results from our mining operations and a second consecutive quarter of increasing average realized prices and shipments. The higher results from our mining operations reflect the benefits from the restart of our Keetac facility to support third-party pellet sales, as well as normal seasonal improvements.

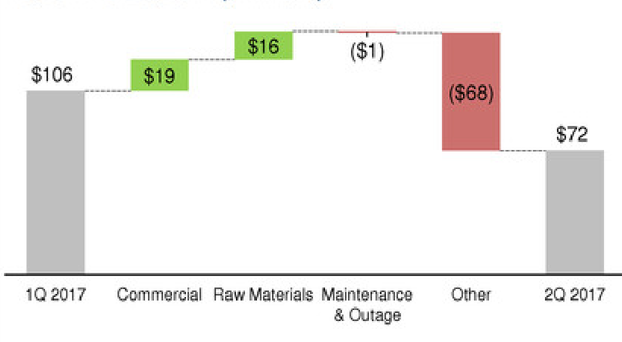
1Q 2017 vs. 2Q 2017 EBITDA Bridge:
Commercial – The improvement in 2Q is primarily the result of higher average realized prices as higher spot prices earlier in the year flowed though to our quarterly adjustable contracts, higher shipments supported by improved operating performance at our steel plants, and increased earnings from the sale of iron ore pellets to third party customers.

Raw Materials – The improvement in 2Q is primarily the result of the normal seasonal improvement of our mining operations.

Maintenance and Outage – The improvement in 2Q is primarily the result of lower overall maintenance costs, partially offset by increased maintenance costs associated with our asset revitalization program.

Other – The improvement in 2Q is primarily the result of an approximately $45 million favorable impact, as the amount of spending subject to capitalization under our change in capitalization and depreciation policy exceeded our previous internal estimate. We do not expect this to recur in subsequent quarters.

Second Quarter 2017 U. S. Steel Europe Segment



European operations continue to perform at a high level

Note: For reconciliation of non-GAAP amounts see Appendix

Second quarter results for our European segment declined compared with the first quarter due to an unfavorable first-in-first-out (FIFO) inventory impact, only partially offset by increased average realized prices and shipments, lower raw material and energy costs, and a favorable impact from foreign exchange rates.

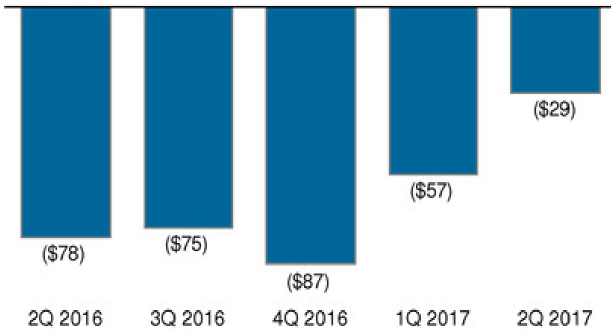
1Q 2017 vs. 2Q 2017 EBITDA Bridge:
Commercial – The improvement in 2Q is primarily the result of higher average realized prices and higher shipments consistent with overall European steel market conditions.

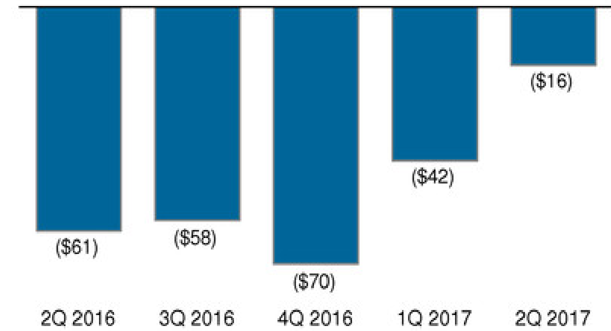
Raw Materials – The improvement in 2Q is primarily the result of lower iron ore and coal costs.

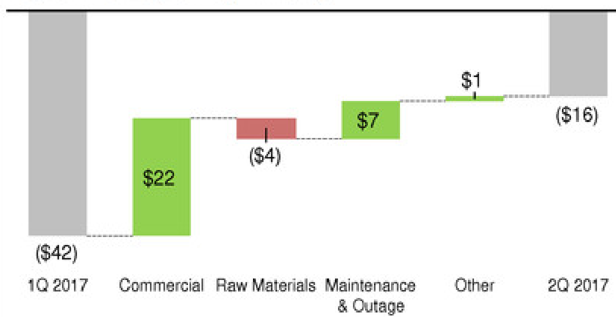
Maintenance and Outage – The quarter-over-quarter change is not material.

Other - The unfavorable impact in 2Q is primarily the result of a FIFO inventory adjustment resulting from the volatility of raw materials prices. We had a favorable adjustment in the first quarter and an unfavorable adjustment in the second quarter, resulting in the large quarter-to-quarter variance. Although there was a large quarter-to-quarter variance, the year-to-date net FIFO inventory adjustment is approximately $16 million favorable.

Second Quarter 2017 Tubular Segment







Results starting to reflect benefits of operational and cost improvements and better market conditions

Note: For reconciliation of non-GAAP amounts see Appendix

Second quarter results for our Tubular segment improved compared with the first quarter due to increased average realized prices and shipments, as well as operational efficiencies. These benefits were partially offset by increased substrate costs.

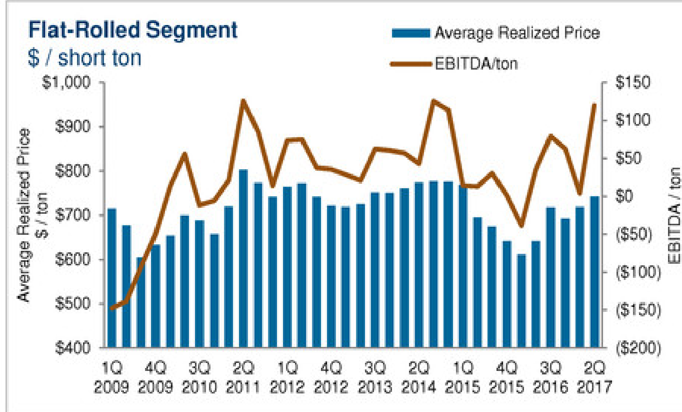
1Q 2017 vs. 2Q 2017 EBITDA Bridge:
Commercial – The improvement in 2Q is primarily the result of higher average realized prices and higher shipments consistent with the increase in rig counts and drilling activity.

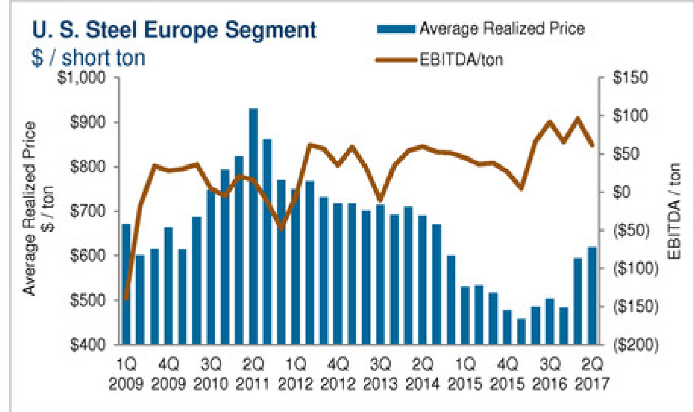
Raw Materials – The unfavorable impact in 2Q is primarily the result of increased costs for steel substrate, consistent with recent increases in steel prices in the United States.

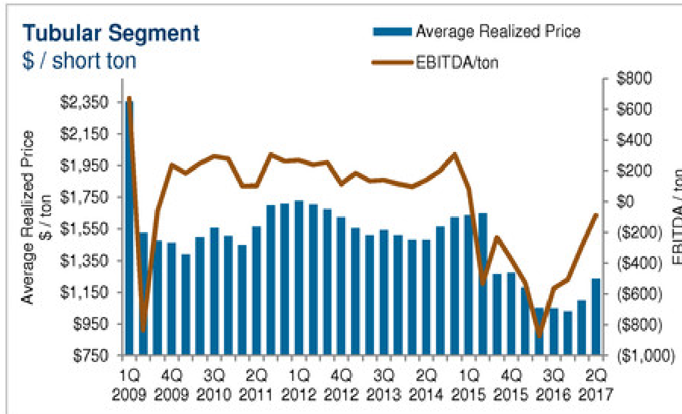
Maintenance and Outage – The improvement in 2Q is primarily the result of lower outage spending.

Other - The quarter-over-quarter change is not material.

Improving Profitability





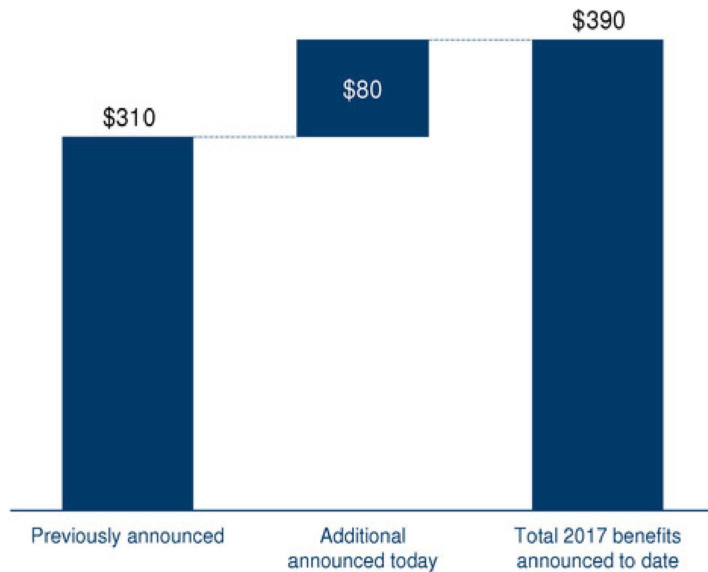


EBITDA / Ton improvements greater than changes in average realized prices

Source: Company Filings

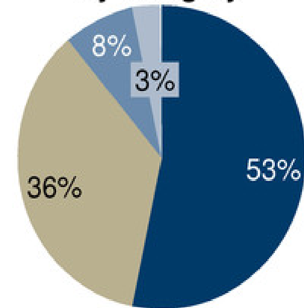
The charts above highlight our improving earnings power despite lower average realized prices. The decisions we have made to exit unprofitable businesses, aggressively address our cost structure, optimize our facility footprint for current market conditions, and generally address the things we can control, is resulting in a more profitable business. Average realized prices for our Flat-Rolled and European segments are generally in-line with our average levels since the financial crisis started in late 2008, yet our EBITDA/ton is significantly higher. Average realized prices for our Tubular segment are approximately $250/ton lower than our average levels since the financial crisis started in late 2008, yet our EBITDA/ton is only $90 below our average levels. In pursuit of higher margins, we have also moved our product mix up the value chain. We remain focused on value, not volume.

Carnegie Way



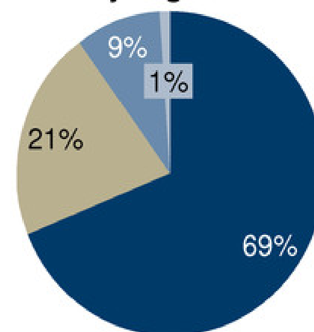
[1] Carnegie Way benefits are based on the incremental impact in 2017 as compared to 2016 as the base year.

By Category



Manufacturing | SG&A | Supply Chain & Logistics | Other

By Segment



Flat-Rolled | Tubular | U. S. Steel Europe | Other Businesses

Our Carnegie Way methodology continues to yield meaningful improvements for the organization. There is room to grow as each Commercial Entity continues to drive the Carnegie Way method tools deeper into their organization.

Including the benefits from projects we implemented during the second quarter, our new total for the full year impact from Carnegie Way benefits in 2017 is $390 million as compared to 2016 as the base year.

Top Carnegie Way Projects in the second quarter include:

- Blast furnace stove and boiler optimization at Gary Works
- Pellet production optimization at Keetac
- Installation of low NOx burner at Minntac

Our pace of progress on the Carnegie Way transformation continues to exceed our expectations. We completed nearly 361 projects in the quarter and have many opportunities ahead of us, with almost 4,000 active projects in the pipeline.

Appendix

Iron Making

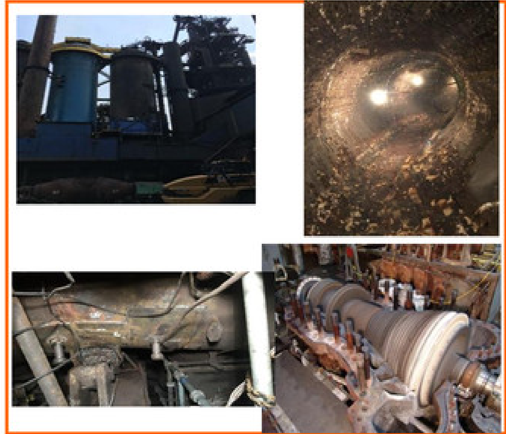
Key projects

Completed Projects[1]

- Great Lakes Works B2 Blast Furnace Bell and Hopper Replacement
  - $4 million / Completed in 2Q / Reduces costs and improves reliability
- Gary Works Sinter Plant SS17 – Structural Repair
  - <$1 million / Completed in 2Q / Improves safety and reliability

Future Projects[1]

- Gary Works #6 BF Outage
  - $26 million / To be completed in 4Q / Improves reliability
- Mon Valley Works #2 Generator Replacement and Turbine Rebuild
  - $9 million / To be completed in 3Q / Reduces costs by generating electricity using byproduct fuels



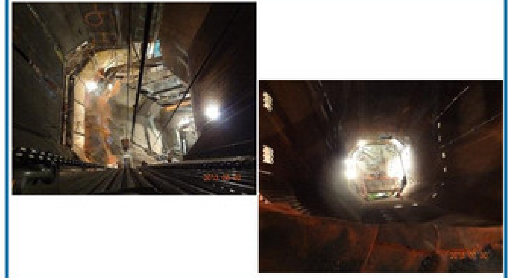
1 Projects listed are examples and are not inclusive of all iron making asset revitalization investments

Steel Making

Key projects

Completed Projects[1]

- Great Lakes Works #25 Boiler Hood Panel Replacement
  - $4 million / Completed in 2Q / Improves reliability and regulatory compliance
- Mon Valley Works BOP Cooling Tower
  - $2 million / Completed in 1Q / Reduces costs and improves reliability



Future Projects[1]

- Gary Works Casters A Line Turret Bearing
  - $6 million / To be completed in 4Q / Improves reliability
- Mon Valley Works BOP LMF Electrode Arm Rebuild
  - <$1 million / To be completed in 3Q / Mitigate risk of having no spare arm assemblies

1 Projects listed are examples and are not inclusive of all steel making asset revitalization investments

Hot Rolling

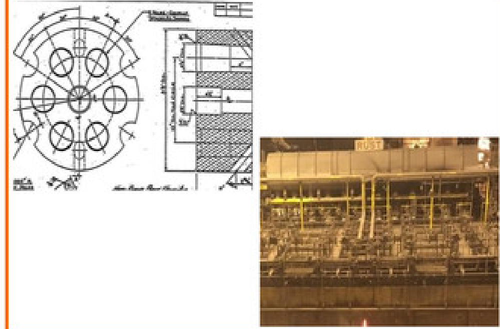
Key projects

Completed Projects[1]

- Gary Works HSM Restoration Plan
  - $23 million / Completed in 1Q / Improves reliability, quality and product capability
- Great Lakes Works HSM #1 Furnace Rebuild
  - $3 million / Completed in 2Q / Reduces costs and improves reliability
- Great Lakes Works HSM Crop Shear Automation
  - $1 million / Completed in 2Q / Improves yield and reliability
- Mon Valley Works HSM #5 Coiler Chain Replacement
  - <$1 million / Completed in 2Q / Improves yield

Future Projects[1]

- Gary Works HSM Furnace Burners
  - $2 million / To be completed 4Q / Improves efficiency and reduces natural gas usage
- Mon Valley Works HSM #6 Discharge Table / Rolls and Bearings Replacement
  - $1 million / To be completed 3Q / Improve quality and reduces costs



1 Projects listed are examples and are not inclusive of all hot rolling asset revitalization investments

Finishing

Key projects

Completed Projects[1]

- Midwest Tin ETLM Plater Structural Repairs
  - $1 million / Completed in 2Q / Reduces costs
- Great Lakes Works Desco Rectifier Replacement
  - <$1 million / Completed in 2Q / Improves quality and reliability

Future Projects[1]

- Gary Works PK84 Pickle Waste Liquor Line Replacements
  - $1 million / To be completed 4Q / Improves reliability
- Great Lakes Works Temper Mill Electrostatic Oiler
  - $1 million / To be completed 2Q18 / Improves reliability and rust prevention

1 Projects listed are examples and are not inclusive of all finishing asset revitalization investments

Flat-Rolled Segment

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

Major end markets summary

Automotive	June vehicle sales fell 3% versus May to a SAAR of 16.41 million; 4 of 6 months below 17 million SAAR YTD. European and Asian manufacturers gaining market share from the Detroit 3 thus far in 2017. Inventories increased back above 70 days on July 1; finish 1st half above 70 days in 5 of the 6 months.
Industrial Equipment	Yellow goods space is stable as market participants await direction on infrastructure bill. Mining sector improving somewhat as energy and commodities recover from the 2015 decline.
Tin Plate	Domestic tin mill shipments continue to decrease, down 11.6% through May when compared to 2016. 1st half 2017 tin mill product imports are up 15.2% based on June licenses to more than 566,000 tons, continuing to displace U.S. mill share in the packaging market.
Appliance	After a sluggish May, June appliance shipments rebounded, increasing 4.8% year-over-year (y-o-y) to 4.9 million units shipped (AHAM6). Market participants projecting full year shipments in the USA to increase between 4 and 6%.
Pipe and Tube	Structural tubing sentiment continues to be positive heading into construction season. OCTG activity increasing, as domestic capacity increasing commensurate with the increase in rig counts. Line Pipe inquiries are numerous, and significant jobs finally being awarded for the first time in a couple of years.
Construction	Architectural Billing Index increased 2% in June vs May, up to 54.2; inquiries are also increasing. The June Dodge Momentum Index, a forward indicator of non-residential construction, increased 1.1% month over month (m-o-m) to 141.1, and now stands at 12.4% higher than it was at the beginning of 2016.
Service Center	YTD MSCI carbon flat rolled shipments up 3%, with June shipments down 1% versus May. Gross inventories also did not change much in June, with unadjusted inventory standing unchanged at 1.9 months. Despite higher YTD shipments, current carbon flat rolled inventory is 6% lower than June 2016.

U. S. Steel Europe Segment

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

Major end markets summary

Automotive

EU car production reached 4.9 million units in 2Q, a decrease of 5.6% y-o-y. EU car production is projected to grow by 2.7% y-o-y in 3Q to 4.2 million units. Increase of 1.5% y-o-y to 18.9 million units is currently projected for 2017. Total V4 car production reached 0.93 million units in 2Q, a decrease of 4.1% y-o-y. V4 car production is anticipated to increase by 0.6% y-o-y in 3Q to 0.77 million units. V4 car production is expected to increase by 1.2% y-o-y in 2017 to 3.5 million units.

Appliance

The EU appliance sector performance in 2Q is expected to decrease by 0.6%. In 3Q it is expected to increase by 2.2% y-o-y. Overall in 2017, the appliance market is anticipated to grow by 1.9% y-o-y in the EU. In Central Europe, the sector is projected to grow by 1.3 % y-o-y.

Tin Plate

EU tin consumption in 2Q increased by 10% q-o-q (a typically strong q-o-q increase at the beginning of the summer). In 3Q, consumption is expected to grow by 3%. 2017 demand is projected to increase 0.5% compared to 2016.

Construction

First estimates for activity growth in 2Q signal the continuation of the rebound seen in 1Q, but most likely at a more moderate pace. At the country level, output growth in Germany, France, Netherlands, Sweden, Poland and Hungary was very robust. The ongoing and country-wide broadening strength of the residential sector contributed mainly to growth in Western Europe, whereas improving civil engineering sector supported growth in Central Europe. Total EU output is forecast to rise by 2.3% in 3Q and by 3.1% in 2017.

Service Centers

Stocks of flat products remained high throughout spring and only started to reduce at the beginning of the summer. Flat product sales at German steel stockists increased by 14.9% y-o-y in May, while flat stocks rose slightly, by 2.6% y-o-y, according to latest figures from Bundesverband Deutscher Stahlhandel (BDS).

Tubular Segment

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

Market industry summary

Oil Rig Count	U.S. energy companies continued to increase drilling rates during 2Q. The oil rig count averaged 716 during 2Q, an increase of 21% quarter over quarter (q-o-q). As of July 21, 2017, there were 764 active oil rigs.
Gas Rig Count	Improving natural gas market fundamentals and outlook resulted in increased drilling during 2Q. The natural gas rig count averaged 176 during 2Q, an increase of 19% q-o-q. As of July 21, 2017, there were 186 active natural gas rigs.
Natural Gas Storage Level	As of June 30, 2017, there was 2.9 Tcf of natural gas in storage, down 9% y-o-y.
Oil Price	The West Texas Intermediate oil price averaged $48 per barrel during 2Q, down $3 or 7% q-o-q.
Natural Gas Price	The Henry Hub natural gas price averaged $3.08 per million btu during 2Q, up $0.08 or 2% q-o-q.
Imports	Imports of OCTG remain high. During 2Q, import share of OCTG apparent market demand is projected to exceed 50%.
OCTG Inventory	Overall, OCTG supply chain inventory remains below 3 months.

Other Items

*Capital Spending**

2016 actual $306 million

2017 estimate $625 million

Flat-Rolled: $475 million, USSE: $80 million, Tubular: $50 million, Other: $20 million

*Depreciation, Depletion and Amortization**

2016 actual $507 million

2017 estimate $525 million

Flat-Rolled: $370 million, USSE: $75 million, Tubular: $55 million, Other: $25 million

Pension and Other Benefits Costs

2016 actual $101 million

2017 estimate $182 million

Pension and Other Benefits Cash Payments

(excluding voluntary pension contributions)

2016 actual $150 million

2017 estimate $129 million

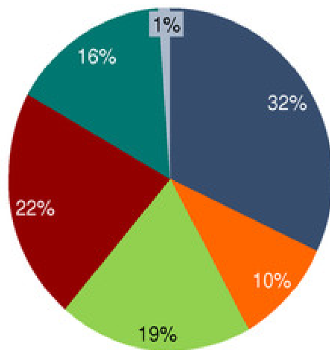
*2017 estimates include the application of the unitary method of depreciation

U. S. Steel Commercial – Contract vs. Spot

Contract vs. spot mix – twelve months ended June 30, 2017

Flat-Rolled

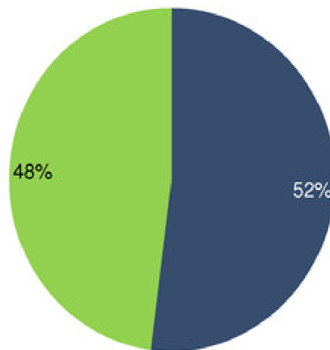
Contract: 81%
Spot: 19%



Firm | Cost Based | Spot | Market Based Quarterly | Market Based Monthly | Market Based Semi annual

Tubular

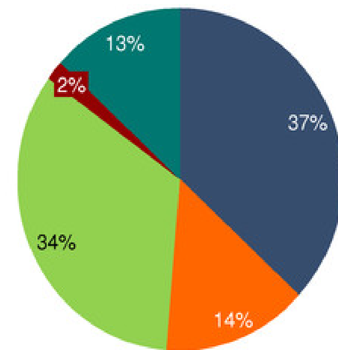
Program: 52%
Spot: 48%



Program | Spot

U. S. Steel Europe

Contract: 66%
Spot: 34%

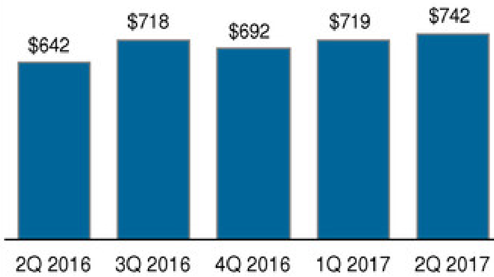


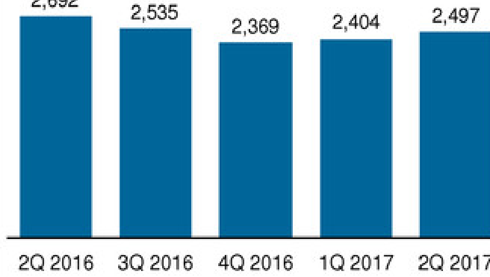
Firm | Cost Based | Spot | Market Based Quarterly | Market Based Monthly

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

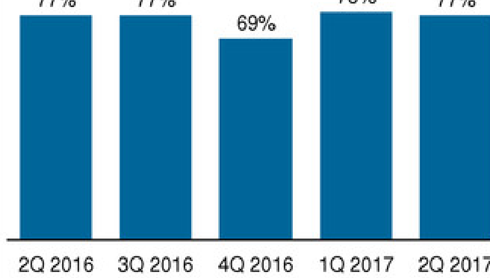
Second Quarter 2017 Flat-Rolled Segment

Flat-Rolled showing meaningful improvement





Stable operations support increased shipments

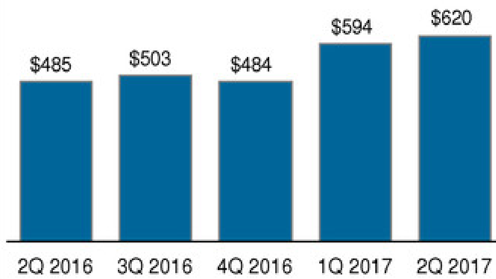


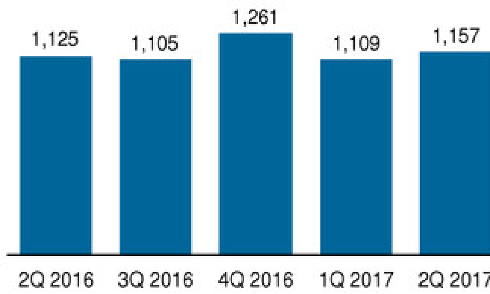
Highest EBITDA / Ton since 3Q 2014

[1] Adjusted Raw Steel Utilization excludes the 2.8 million net tons of raw steel capability of Granite City Works that is currently idled.

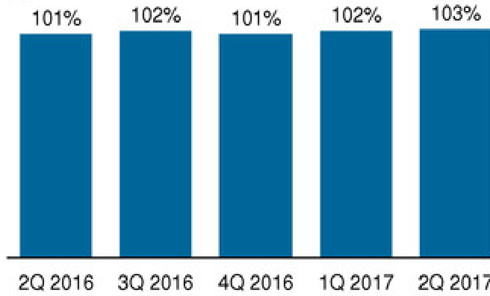
Second Quarter 2017 U. S. Steel Europe Segment

Europe operations continue to perform at a high level





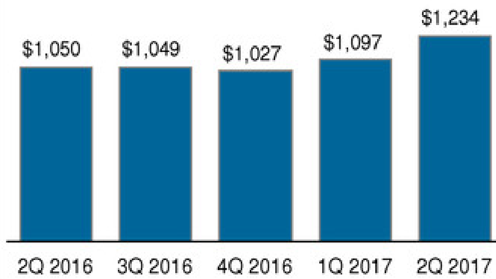
Results reflect improved market conditions

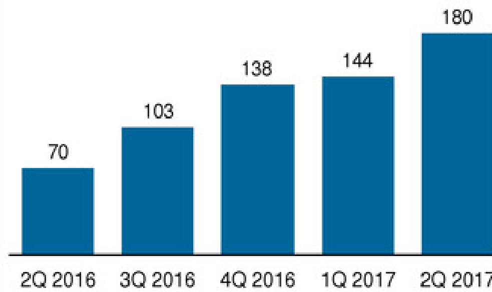


Results reflect continuing volatility in raw materials

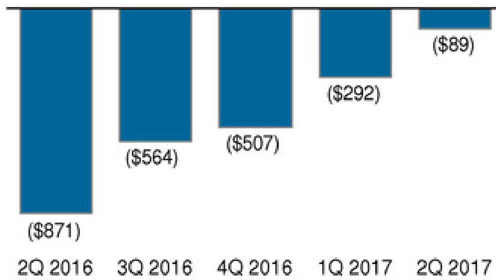
Second Quarter 2017 Tubular Segment

Results starting to reflect improving market conditions





Lone Star welded mill restarted in 2Q



Significant EBITDA / Ton improvement continues

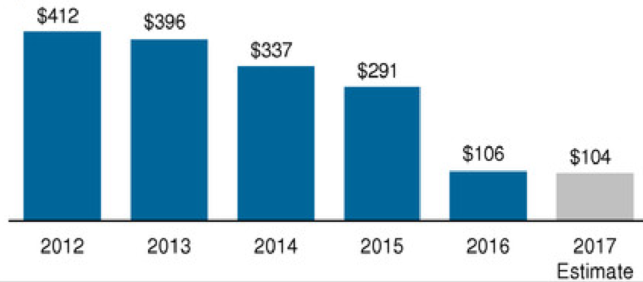
Pension

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



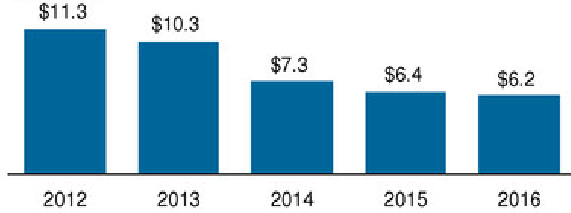
Major Assumptions:

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

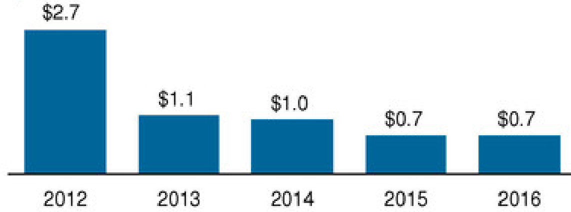
Expected rate of return on assets: 7.75% in U.S. & 7.25% in Canada for 2012 through 2014, 7.50% in U.S. for 2015 and 2016, for 2017E: 7.25%

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

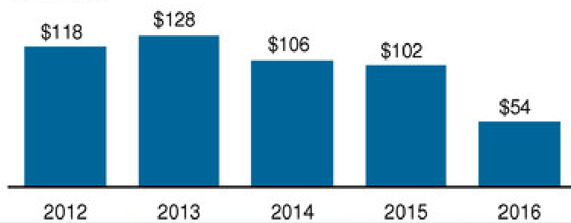
Pension – Benefit Obligations
$ Billions



Pension – Underfunded Status
$ Billions

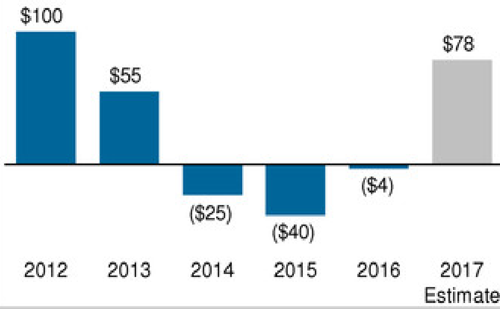


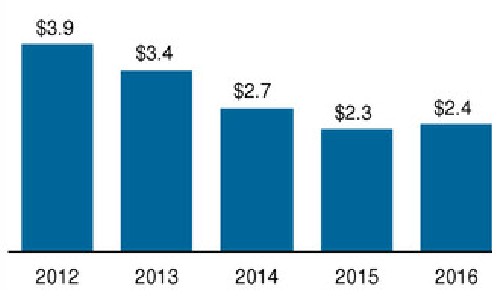
Pension – Service Cost
$ Millions

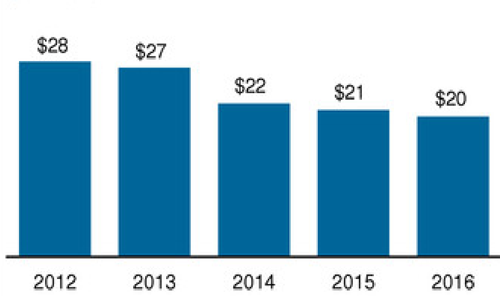


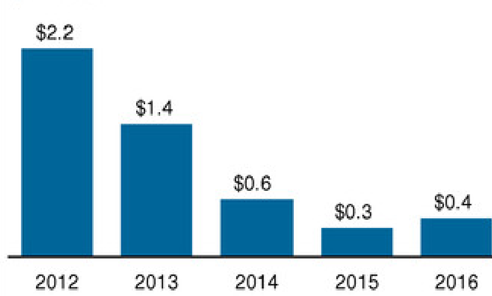
OPEB

Expense and funded status









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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

Adjusted Results

Reconciliation of segment EBITDA

Segment EBITDA – Flat-Rolled ($ millions)	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
Segment earnings (loss) before interest and income taxes	$6	$114	$65	($90)	$218
Depreciation	89	87	82	99	81
Segment EBITDA	$95	$201	$147	$9	$299

Segment EBITDA – Tubular ($ millions)	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
Segment loss before interest and income taxes	($78)	($75)	($87)	($57)	($29)
Depreciation	17	17	17	15	13
Segment EBITDA	($61)	($58)	($70)	($42)	($16)

Segment EBITDA – U. S. Steel Europe ($ millions)	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
Segment earnings (loss) before interest and income taxes	$55	$81	$63	$87	$55
Depreciation	20	21	20	19	17
Segment EBITDA	$75	$102	$83	$106	$72

Reconciliation to Segment EBITDA and Consolidated Adjusted EBITDA Included in Outlook

Reconciliation to Segment EBITDA and Consolidated Adjusted EBITDA Included in Outlook

($ millions)	FY 2017
Projected net earnings attributable to United States Steel Corporation included in Outlook	$300
Estimated income tax expense	57
Estimated net interest and other financial costs	255
Estimated depreciation, depletion and amortization	525
Gain associated with retained interest in U. S. Steel Canada Inc.	(72)
Loss on shutdown of certain tubular assets	35
Projected annual adjusted EBITDA included in Outlook	$1,100

($ millions)	Flat-Rolled	U. S. Steel Europe	Tubular
Projected segment earnings (loss) before interest and income taxes included in Outlook	$380	$325	($105)
Estimated depreciation, depletion and amortization	370	75	55
Projected annual segment EBITDA included in Outlook	$750	$400	($50)

Net Debt

Reconciliation of net debt

Net Debt ($ millions)	YE 2014	YE 2015	YE 2016	2Q 2017
Short-term debt and current maturities of long-term debt	$378	$45	$50	$175
Long-term debt, less unamortized discount and debt issuance costs	3,086	3,093	2,981	2,752
Total Debt	$3,464	$3,138	$3,031	$2,927
Less: Cash and cash equivalents	1,354	755	1,515	1,522
Net Debt	$2,110	$2,383	$1,516	$1,405

Cash Conversion Cycle

Reconciliation of cash conversion cycle

Cash Conversion Cycle	2Q 2017		4Q 2016	
	$ millions	Days	$ millions	Days
Accounts Receivable, net	$1,444	41	$1,248	42
+ Inventories	$1,727	58	$1,573	63
− Accounts Payable and Other Accrued Liabilities	$2,013	65	$1,665	62
= Cash Conversion Cycle		34		43

Accounts Receivable Days is calculated as Average Accounts Receivable, net divided by total Net Sales multiplied by the number of days in the quarter

Inventory Days is calculated as Average Inventory divided by total Cost of Sales multiplied by the number of days in the quarter

Accounts Payable Days is calculated as Average Accounts Payable and Other Accrued Liabilities less bank checks outstanding and other current liabilities divided by total Cost of Sales multiplied by the number of days in the quarter

Cash Conversion Cycle is calculated as Accounts Receivable Days plus Inventory Days less Accounts Payable Days

Adjusted Results

Reconciliation of reported and adjusted net earnings (loss)

($ millions)	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
Reported net earnings (loss)	($46)	$51	($105)	($180)	$261
Gain associated with retained interest in U. S. Steel Canada Inc.	–	–	–	–	(72)
Supplemental unemployment and severance costs and other charges	(23)	–	(4)	–	–
Loss on shutdown of certain tubular assets	–	–	126	35	–
Loss on debt extinguishment	24	–	–	–	–
Granite City Works temporary idling charges	–	–	18	–	–
Impairment of equity investment	–	–	12	–	–
Impairment of intangible assets	–	14	–	–	–
Adjusted net earnings (loss)	($45)	$65	$47	($145)	$189

Note: The adjustments included in the table have been tax effected at a 0% rate due to the recognition of a full valuation allowance.

Adjusted Results

Reconciliation of reported and adjusted diluted EPS (LPS)

($ per share)	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
Reported diluted EPS (LPS)	($0.32)	$0.32	($0.61)	($1.03)	$1.48
Gain associated with retained interest in U. S. Steel Canada Inc.	–	–	–	–	(0.41)
Supplemental unemployment and severance costs and other charges	(0.16)	–	(0.03)	–	–
Loss on shutdown of certain tubular assets	–	–	0.73	0.20	–
Loss on debt extinguishment	0.17	–	–	–	–
Granite City Works temporary idling charges	–	–	0.11	–	–
Impairment of equity investment	–	–	0.07	–	–
Impairment of intangible assets	–	0.08	–	–	–
Adjusted diluted EPS (LPS)	($0.31)	$0.40	$0.27	($0.83)	$1.07

Note: The adjustments included in the table have been tax effected at a 0% rate due to the recognition of a full valuation allowance.

Adjusted Results

Reconciliation of adjusted EBITDA

($ millions)	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
Reported net earnings (loss)	($46)	$51	($105)	($180)	$261
Income tax provision (benefit)	(7)	19	(2)	19	(16)
Net interest and other financial costs	81	62	43	63	68
Reported earnings (loss) before interest and income taxes	$28	$132	($64)	($98)	$313
Depreciation, depletion and amortization expense	129	126	123	137	121
EBITDA	$157	$258	$59	$39	$434
Gain associated with retained interest in U. S. Steel Canada Inc.	–	–	–	–	(72)
Supplemental unemployment and severance costs and other charges	(23)	–	(4)	–	–
Loss on shutdown of certain tubular assets	–	–	126	35	–
Granite City Works temporary idling charges	–	–	18	–	–
Impairment of equity investment	–	–	12	–	–
Impairment of intangible assets	–	14	–	–	–
Adjusted EBITDA	134	$272	$211	$74	$362

Note: The 2Q 2017 tax benefit of $16 million includes a benefit of $13 million related to the carryback of specified liability losses to prior years.

United States Steel Corporation

Second Quarter 2017

Questions and Answers

July 25, 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, 2016, 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.

Topical

1. Where do lead times currently stand?

   Lead times for hot-rolled coil products are currently approximately four and a half weeks. Cold-rolled coil products are approximately eight weeks and coated products are approximately seven and a half weeks.

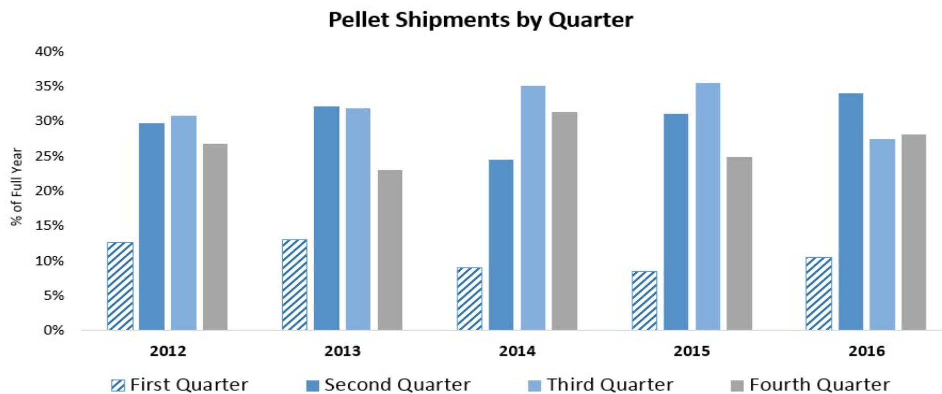
2. What was your utilization rate in 2Q 2017, excluding the temporarily idled Granite City Works?

   Our reported Flat-Rolled raw steel capability utilization rate in 2Q 2017 was 64% based on 17 million net tons of annual capability. The Flat-Rolled raw steel capability utilization, excluding the 2.8 million net tons of raw steel capability of Granite City Works that is currently idled, was 77%.

3. How does the seasonality of iron ore shipments impact your financial results?

   Our mining operations are unable to ship pellets to our blast furnaces in the U.S. and to our third party customers for much of 1Q because the Soo Locks, which connect Lake Superior with the lower Great Lakes, are typically closed from mid-January to late March. Our mining operations still produce pellets in those months, but at a lower volume. This scenario negatively impacts our financial results due to the operating inefficiencies that result from running at lower production volumes with increased spending due to planned maintenance resulting in a higher cost per ton.

   The table below illustrates the seasonality of pellet shipments.



4. What is your current Tubular operating configuration?

We mitigated losses from the energy sector downturn 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. The assets at our McKeesport Operations have been sold. We also permanently shut down the Lorain #6 Quench and Temper mill. However, we have decided to relocate the Lorain #6 Quench and Temper equipment to one of several other sites under consideration to optimize our operations.

We are currently operating our seamless mills in Fairfield, AL and Lorain, OH. Our seamless mill in Fairfield produces mid-range diameter pipe, while our Lorain #3 mill produces large diameter pipe that has historically been used for off-shore drilling. We are currently purchasing rounds from third parties to feed our seamless mills. We restarted our Lone Star #2 welded mill in late April.

The construction of the EAF at Fairfield Works, which began in 2Q 2015, was suspended in December 2015 until market conditions in both the oil and gas and steel industries improve. A decision to resume the EAF project would require a sustained improvement in conditions in the oil and gas market, most likely driven by less volatile oil prices that would keep rig counts at consistently high levels.

Should the EAF be completed, it will be part of the Tubular segment operationally and supply rounds to our Fairfield and Lorain seamless mills. The Tubular segment would become self-sufficient for its rounds needs. Given the permanent shut down of over half of our welded capacity, future substrate requirements from the Flat-Rolled segment will be significantly lower than in the past.

We are also evaluating if producing slabs using the EAF could provide more flexibility to meet our Flat-Rolled customers' needs. In such a scenario, the Tubular segment would be selling slabs to the Flat-Rolled segment at market prices.

Strategic

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

What is it?

Our Flat-Rolled segment asset revitalization program is a comprehensive investment plan with a continuous focus on improving safety, quality, delivery and costs. As we revitalize our assets, we expect to increase profitability, productivity, operational consistency, and reduce volatility.

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 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?

This program is designed to prioritize investment in the areas with the highest returns. Importantly, while this is a large program, the majority of projects are not large, complex projects. This means that 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 three to four years.

How much will it cost?

We currently expect capital spending for our asset revitalization program to be approximately $1.2 billion from 2017 through 2020. We are investing in our assets throughout the entire production process, with targeted improvements in operating efficiency, unplanned downtime, reliability, quality and costs. While this program covers a wide range of assets in our Flat-Rolled segment, we are placing a strong emphasis on thirteen of our most critical assets. In iron making, these critical assets are the blast furnaces at Gary Works and Great Lakes Works. In steel making, they are the steel shop and caster at Gary Works and the steel shop at Mon Valley Works. In hot rolling, they are the hot strip mills at Gary Works, Great Lakes Works and Mon Valley Works. In finishing, it is the cold mill at Mon Valley Works.

We currently expect the timing of the capital spending for our asset revitalization program to be as follows:

- Approximately $200 - $250 million in 2017
- Approximately $450 - $500 million in 2018
- Balance to be spent in 2019 and 2020

How does it create value?

Our asset revitalization program covers investments in our existing assets, but 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. Being regarded as a top quartile performer in the eyes of our customers will support sustainable commercial benefits from these investments. After we complete our full asset revitalization program, 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.

While this program only covers our existing assets, it will create a stable foundation for our future as we continue to evaluate strategic growth projects to strengthen our position as the markets we serve continue to grow and evolve.

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

On June 30, 2017, we announced that we had finalized an agreement with Bedrock Industries Group LLC (Bedrock) for the sale and transition of ownership of U. S. Steel Canada Inc. (USSC) (now known as Stelco Inc.) to Bedrock. The transaction was finalized following requisite court and other approvals.

On Sept. 16, 2014, USSC applied for relief from its creditors pursuant to Canada's Companies' Creditors Arrangement Act (CCAA). On June 9, 2017, the Ontario Superior Court of Justice sanctioned a second amended and restated plan of compromise, arrangement and reorganization pursuant to the CCAA (the Plan). In connection with the closing, we received approximately $127 million in satisfaction of our secured claims, including interest, and release of our unsecured claims. The terms of the Plan and closing also included an agreement to provide mutual releases among key stakeholders, as well as a release of all claims against us regarding environmental, pension and other liabilities.

As part of the transition in ownership, we will continue to provide certain transition services to USSC and we have entered into an agreement to supply USSC with all of its requirements for iron ore pellets through January 31, 2022.

7. How are you responding to the threat from alternate materials and solutions in the auto industry?

We expect that advanced high strength steel (AHSS) demand in the automotive industry 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.

Since the creation of our Automotive Commercial Entity in November 2014, we have assembled a strong and experienced technical team that has been working with Original Equipment Manufacturers (OEMs) and tier suppliers on tooling design and requirements. 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 continue to work closely with OEMs, tier suppliers, and prototype shops on specific applications for their use incorporating advanced analytic techniques for geometry, grade and gauge redesign.

The continued development of AHSS, particularly Generation 1+ 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 CAFE and safety standards of future vehicles at a very attractive and competitive value proposition compared with potential alternative materials.

Modeling

8. Why was there a $16 million tax benefit in the second quarter when you had pretax earnings of $245 million?

    The 2Q 2017 tax benefit of $16 million includes a benefit of $13 million related to the carryback of specified liability losses to prior years.

9. Can you provide more detail regarding the first-in-first-out (FIFO) inventory impact on second quarter U. S. Steel Europe results?

    The unfavorable impact in 2Q is primarily the result of first-in-first-out (FIFO) inventory adjustments resulting from the volatility of raw materials prices. We had a favorable adjustment in the first quarter and an unfavorable adjustment in the second quarter, resulting in the large quarter-to-quarter variance. Although there was a large quarter-to-quarter variance, the year-to-date net FIFO inventory adjustment is approximately $16 million favorable.

10. Why did depreciation, depletion, and amortization in second quarter 2017 decline by $16 million compared to first quarter 2017?

    The decline in 2Q 2017 depreciation, depletion, and amortization (DD&A) expense compared to 1Q 2017 was primarily a result of lower DD&A in our Flat-Rolled segment. This was a result of certain assets reaching their full depreciated lives under the unitary method of depreciation as a result of our change in capitalization and depreciation method.

11. 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 domestic 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 also 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 are reported in our Flat-Rolled segment results and are not reported separately.

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

Our delivered coal cost for our U.S. operations is expected to increase by $19/ton in 2017 compared to 2016 coal costs.

Our annual coal requirements have decreased as we permanently shut down 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.

Trade

13. What is Section 232 and what is the current expectation for action?

On April 19, 2017, the Secretary of Commerce initiated an investigation under Section 232 of the Trade Expansion Act of 1962 to determine the effects of steel imports on U.S. national security. On May 24, 2017, we testified at the U.S. Department of Commerce (DOC) public hearing and remain active in the investigation. On the basis of a report by the Secretary that imports are harming national security, the President has the authority to act broadly to adjust imports.

We are optimistic that strong action under Section 232 will meaningfully impact the continued unfair trade practices harming domestic steel makers and threatening America's security. American-made steel provides a foundation of strength for our country. From protecting our military to building critical infrastructure to achieving energy independence, the ability to melt and pour steel domestically is fundamental to ensuring our national and economic security. We cannot afford for our ability to produce steel here in the United States to be undermined by the hostile trade actions of foreign producers and governments. For too long, China and other nations have undercut the American steel industry by subsidizing their steel industries, distorting global markets, and dumping excess steel into the United States. This threat to our national security and economy must be addressed. A comprehensive, broad-based Section 232 remedy is warranted. For example, we believe tubular products such as OCTG merit inclusion as America cannot truly achieve energy independence and security if we become reliant on overseas pipe producers.

We appreciate that DOC officials have stated the Section 232 report will be completed much sooner than the 270 days allowed under the law, yet we also appreciate that the Department must take the time necessary to responsibly conduct its investigation in a thorough manner consistent with the requirements of the law. We look forward to the completed report being sent to the President in the near future.

Upon the announcement of Presidential action under Section 232, we are prepared to respond quickly. Internally, we have completed detailed analyses covering a wide spectrum of outcomes. We will make our assessment of the potential impact of the Section 232 actions taken, and then make the adjustments to our operations necessary to continue to support our customers and responsibly respond to new opportunities.

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

In April 2016, we launched a case under Section 337 of the Tariff Act of 1930 against Chinese steel producers and their distributors. The complaint alleged 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 designation of origin. In February 2017, we voluntarily withdrew our trade secret claim, but preserved the right to refile at a later date.

On November 25, 2016, the Administrative Law Judge (ALJ) issued an order dismissing the antitrust claims. However, the U.S. International Trade Commission (USITC) granted our petition to review the ALJ's initial determination to terminate the antitrust portion of the litigation. All parties submitted their briefs on the antitrust review and oral arguments were held on April 20, 2017. We are awaiting the USITC’s decision.

On January 11, 2017, the ALJ issued an order dismissing the false designation of origin claims. We filed a petition to review the ALJ’s order with the USITC commissioners, and the USITC reinstated the false designation of origin (FDO) claim on February 27, 2017. The current scheduling order sets the hearing (trial) on the FDO claim for October 2017 and a target date to conclude the investigation for May 2018. We have filed a number of motions to compel and motions for sanctions against the Chinese respondents. On July 18, 2017 and July 20, 2017 respectively, two of the respondents filed Motions for Summary Determination. We will be aggressively opposing these motions. Refer to Item 2 "International Trade" in our quarterly report on Form 10-Q for further information.

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

In September 2016, we, 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. The DOC initiated the investigation in November 2016. The DOC has identified and sent questionnaires to Vietnamese producers, requesting confidential quantity and value information. 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.

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

We, along with other steel producers, continue to defend the orders imposed in the flat-rolled cases at the Court of International Trade and at the DOC. The affirmative decisions reached in 2016 will directly benefit us by curtailing unfairly traded imports and helping to provide a more level playing field.

Please refer to our Form 10-Q, to be filed with the Securities and Exchange Commission on July 26, 2017, for a detailed discussion of International Trade matters.

Corrosion-Resistant

	Countervailing Duties	Antidumping Duties
Country	Final July 25, 2016	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	Antidumping Duties
	Final July 14/Sept. 20, 2016	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

Hot-Rolled

Country	Countervailing Duties	Antidumping Duties
	Final October 3, 2016	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

[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%.

[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.

General

17. Your stock price 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.

Our asset revitalization program is a comprehensive investment plan with a continuous focus on improving safety, quality, delivery and costs. As we revitalize our assets, we expect to increase profitability, productivity, operational consistency, and reduce volatility.

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.

18. 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 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.

19. 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.