UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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# FORM 8-K

CURRENT REPORT

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

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Date of Report (Date of earliest event reported):
August 1, 2018

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
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(Registrant's telephone number,
including area code)

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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 August 1, 2018, 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 2018. 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 August 2, 2018, the Corporation will conduct a conference call to discuss its results for the second quarter 2018.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

99.1 Second Quarter 2018 Earnings Presentation and Remarks.

99.2 Second Quarter 2018 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

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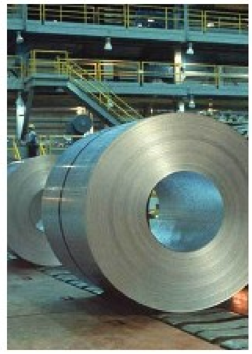
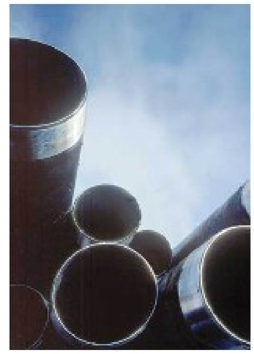
Colleen M. Darragh
Vice President and Controller

Dated: August 1, 2018

United States Steel Corporation





# Second Quarter 2018
# Earnings Presentation & Remarks

August 1, 2018

United States Steel Corporation

## 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 2018. 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 and 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, 2017, in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, 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), adjusted EBITDA, segment EBITDA, and net debt, which are all non-GAAP measures, as additional measurements to enhance the understanding of our performance.

We believe that EBITDA and segment EBITDA, considered along with net earnings (loss) and segment earnings (loss) before interest and income taxes, are relevant indicators of trends relating to our operating performance and provide management and investors with additional information for comparison of our operating results to the operating results of other companies. 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. Both EBITDA and net debt are used by analysts to refine and improve the accuracy of their financial models which utilize enterprise value.

We believe the cash conversion cycle is a useful measure in providing investors with information regarding our cash management performance and is a widely accepted measure of working capital management efficiency. The cash conversion cycle should not be considered in isolation or as an alternative to other GAAP metrics as an indicator of performance.

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., gains on the sale of ownership interests in equity investees, facility restart costs, restructuring charges, significant temporary idling charges, debt extinguishment and other related costs, and effects of tax reform 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., gains on the sale of ownership interests in equity investees, facility restart costs, restructuring charges, and significant temporary idling 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 by excluding the effects of gains (losses) associated with our retained interest in U. S. Steel Canada Inc. gains on the sale of ownership interests in equity investees, facility restart costs, restructuring charges, significant temporary idling charges, debt extinguishment and other related costs and effects of tax reform 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 as alternative measures of operating performance and not alternative measures of the Company's liquidity. 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 Guidance. 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.

## Second Quarter 2018 Financial Highlights


- Second quarter reported net earnings of $214 million; second quarter adjusted net earnings of $262 million
- Second quarter adjusted EBITDA of $451 million

1 Earnings before interest and income taxes
2 Earnings before interest, income taxes, depreciation and amortization
Note: For reconciliation of non-GAAP amounts see Appendix.

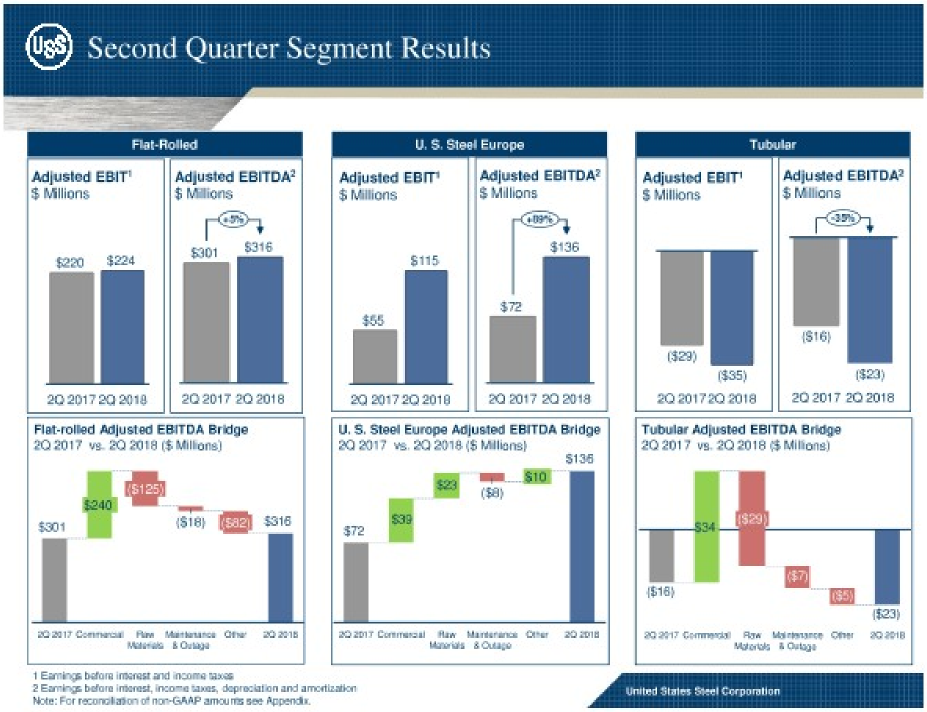
United States Steel Corporation

The second quarter was another strong quarter in which we generated adjusted EBITDA of $451 million, a $75 million improvement compared to the second quarter of 2017.

In the second quarter, we continued executing investments in our people and our assets as we work towards our objective of achieving operational excellence through a focus on safety, quality, delivery, and cost. We believe that executing well in these areas is the foundation for long term success and value creation.

We are focused on the pillars of operational excellence – safety, quality, delivery, and cost, and are confident that improving our performance in these key areas will help us:

- Create value for all U. S. Steel stakeholders, including employees, customers, unions, suppliers, communities in which we operate, and our stockholders
- Develop distinct competitive advantages and solutions for our customers
- Have success through business cycles
- Drive predictable, sustainable, profitable growth in the future, including reinvestment in our business that provides returns in excess of our cost of capital




**Flat-Rolled 2Q 2017 vs. 2Q 2018 Adjusted EBITDA Bridge:**

Commercial – The favorable impact is primarily the result of higher average realized prices and increased shipments of substrate to our Tubular segment.

Raw Materials – The unfavorable impact is primarily the result of higher raw material costs across all raw material categories.

Maintenance and Outage – The unfavorable impact is primarily the result of higher outage spending.

Other – The unfavorable impact is primarily the result of higher variable compensation. Also, 2Q 2017 included a non-recurring favorable impact related to the change in our capitalization and depreciation policy that we implemented in 2017 of approximately $45 million.

**U. S. Steel Europe 2Q 2017 vs. 2Q 2018 Adjusted EBITDA Bridge:**

Commercial – The favorable impact is primarily the result of higher average realized prices.

Raw Materials – The favorable impact is primarily the result of a favorable first-in-first-out (FIFO) inventory impact, partially offset by higher raw materials costs.

Maintenance and Outage – The unfavorable impact is primarily the result of higher outage spending.

Other – The favorable impact is primarily due to the change in the U.S. Dollar / Euro exchange rate.

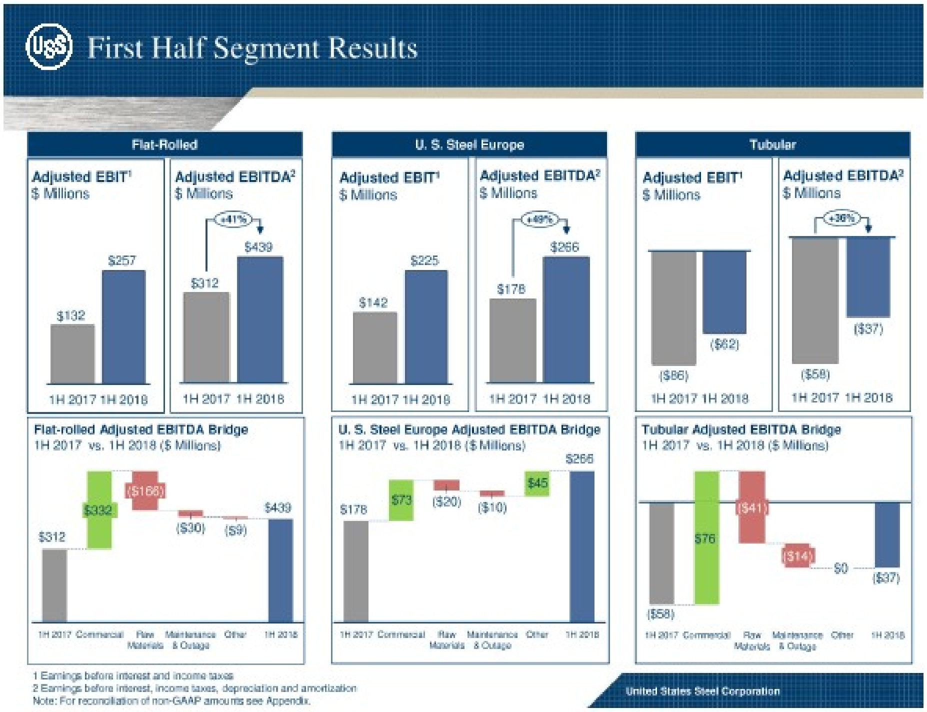
**Tubular 2Q 2017 vs. 2Q 2018 Adjusted EBITDA Bridge:**

Commercial – The favorable impact is primarily the result of higher average realized prices.

Raw Materials – The unfavorable impact is primarily the result of higher prices for steel substrate.

Maintenance and Outage – The unfavorable impact is primarily the result of higher outage spending.

Other – The unfavorable impact is primarily the result of higher variable compensation and increased overhead costs.




**Flat-Rolled 1H 2017 vs. 1H 2018 Adjusted EBITDA Bridge:**
Commercial – The favorable impact is primarily the result of higher average realized prices and increased shipments of substrate to our Tubular segment.

Raw Materials – The unfavorable impact is primarily the result of higher raw material costs across all raw material categories, partially offset by lower planned outage costs at our mining operations.

Maintenance and Outage – The unfavorable impact is primarily the result of higher outage spending, partially offset by lower maintenance costs.

Other – The unfavorable impact is primarily the result of higher variable compensation, partially offset by lower energy costs.

**U. S. Steel Europe 1H 2017 vs. 1H 2018 Adjusted EBITDA Bridge:**
Commercial – The favorable impact is primarily the result of higher average realized prices.

Raw Materials – The unfavorable impact is primarily the result of higher raw materials costs, partially offset by a favorable first-in-first-out (FIFO) inventory impact.

Maintenance and Outage – The unfavorable impact is primarily the result of higher outage spending.

Other – The favorable impact is primarily due to the change in the U.S. Dollar / Euro exchange rate.

**Tubular 1H 2017 vs. 1H 2018 Adjusted EBITDA Bridge:**
Commercial – The favorable impact is primarily the result of higher average realized prices.

Raw Materials – The unfavorable impact is primarily the result of higher prices for steel substrate.

Maintenance and Outage – The unfavorable impact is primarily the result of a planned outage in 1Q 2018.

Other – The change is not material.

## 2018 3Q and Full Year Guidance

**Guidance:**

- 3Q 2018 Adjusted EBITDA of approximately $525 million
- Full Year 2018 Adjusted EBITDA of approximately $1.85 - $1.90 billion

Note: For reconciliation of non-GAAP amounts see Appendix

United States Steel Corporation

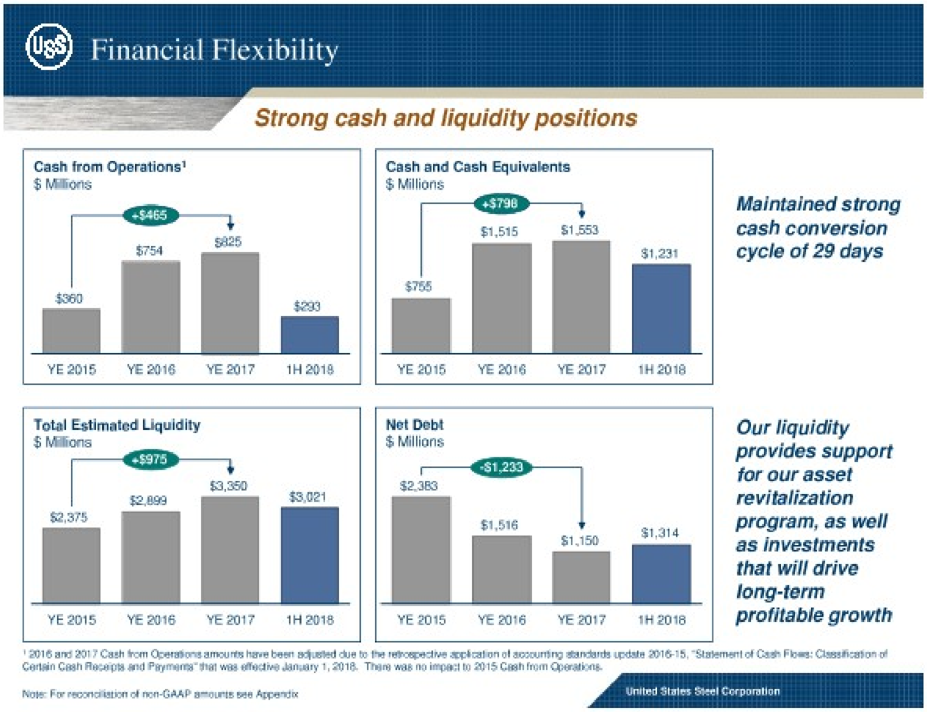
We are seeing operational benefits in the assets in which we are investing and market conditions remain supportive of increased earnings.

We currently expect third quarter 2018 adjusted EBITDA will be approximately $525 million.

> We expect our Flat-rolled segment results to continue to improve as more of our adjustable contract and spot shipments realize the benefit of second quarter increases in index prices, partially offset by higher planned outage costs.
>
> We expect results for our Tubular segment to turn positive, as selling price increases catch up to the rising substrate costs we saw in the first half of the year.
>
> We expect results for our European segment to be lower in the third quarter, primarily due to planned outages that coincide with normal seasonal customer demand patterns.

Based on our progress to date, we are increasing full-year 2018 adjusted EBITDA guidance to approximately $1.85 - $1.90 billion.

See the Appendix for the reconciliation of Guidance net earnings to consolidated Guidance adjusted EBITDA.

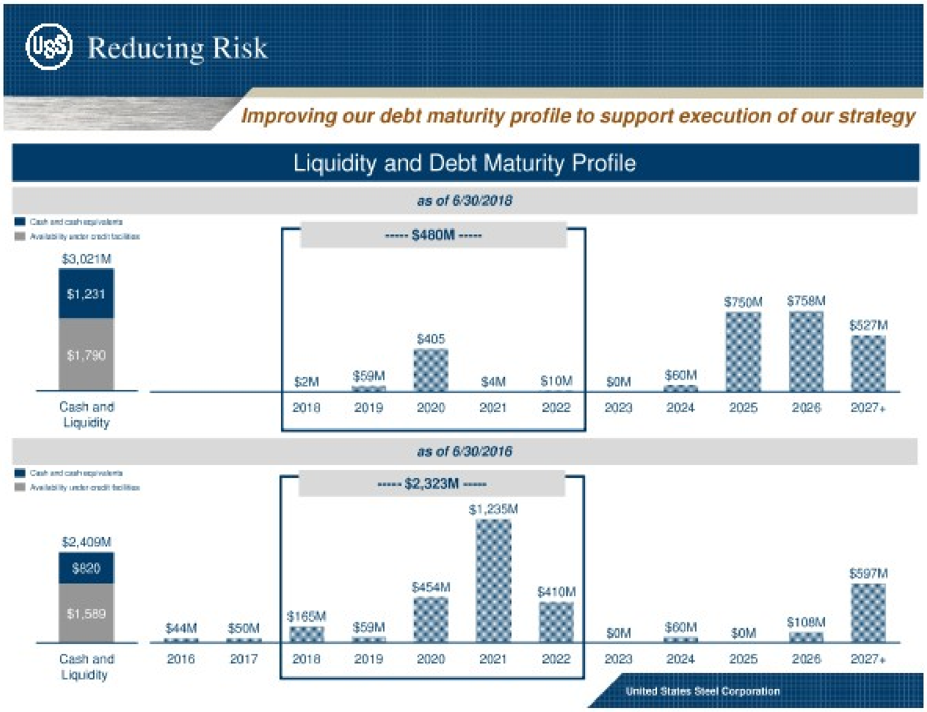



Cash from operations was $293 million in the first half of 2018, primarily due to increased earnings, partially offset by a $242 million change in working capital.

Cash and cash equivalents decreased by $322 million in the first half of 2018, primarily due to capital spending of $381 million and a net repayment of long-term debt of $234 million.

The decrease in total estimated liquidity reflects the decrease in cash and cash equivalents.

Our cash and liquidity position continues to provide support for our investment in asset revitalization at our Flat-rolled facilities, as well as future investments that will drive long-term profitable growth.




This chart shows how our liquidity position and debt maturity profile have improved since mid-year 2016.

We accessed the debt and equity capital markets four times since May of 2016 to enhance liquidity and address near-term financing risks.

In May 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 repurchased $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 2016, we issued 21.7 million shares of stock through an underwritten public offering, receiving net proceeds of approximately $482 million.

In August 2017, we continued to de-risk the balance sheet by issuing $750 million of Senior Unsecured Notes due in 2025, and using the proceeds, together with cash on hand, to retire $761 million of debt scheduled to mature in 2018, 2021, and 2022.

In December 2017, we used cash on hand to redeem $200 million of 8.375% Senior Secured Notes.

On March 13, 2018, we issued $650 million of 6.25% Senior Unsecured Notes due in 2026, and used the proceeds, together with cash on hand, to retire the remaining balance of $780 million of 8.375% Senior Secured Notes due in 2021.

We also repurchased $75 million of our Senior Notes during 2018 as part of our liability management program to de-leverage the balance sheet longer term. We repurchased $31 million and $44 million of our Senior Notes due in 2020 in the second and third quarters respectively. As of July 31, 2018, approximately $355 million of our Senior Notes due in 2020 remain outstanding.

## 2018 Strategy Execution Progress


- ✓ Strong emphasis on our thirteen most critical assets
- ✓ Operational and commercial benefits by 2020
  - Increase raw steel production capability by approximately 1 million tons
  - \$275 - \$325 million annual EBITDA improvement expected by 2020
- ✓ Announced restart of both blast furnaces and steelmaking facilities at Granite City Works
  - Anticipating incremental shipments of approximately 100,000 tons per month beginning in July from blast furnace "B"
  - Anticipating incremental shipments of approximately 75,000 tons per month beginning in October for blast furnace "A"
- ✓ Construction of a new continuous galvanizing line (CGL) at PRO-TEC Coating Company
  - Expanding market leadership position in Generation 3 advanced high strength steel (AHSS)
- ✓ Develop new premium connections for Tubular customers; our current suite of connections continue to gain customer acceptance

United States Steel Corporation

We continue to make good progress on our asset revitalization program and remain focused on achieving the quality and reliability improvements we committed to for 2018. Our goal is to deliver consistent, reliable earnings longer term with our focus on delivering sustainable operational improvements by 2020.

We are always looking for opportunities to optimize our portfolio of businesses to better serve our customers. We are taking a hard look at all the products and markets we serve in each of our segments to determine how we can more fully capitalize on our product capabilities and market positions. We have made many difficult decisions over the last few years related to under-performing and non-core assets, and we must always be open to exploring opportunities that can strengthen and grow our market position, improve our long-term earnings power, and create value for our stockholders.

It is our job to create value for all of our stakeholders. We are revitalizing our existing assets, developing our people, increasing our value-added product mix at U. S. Steel Europe, strengthening our position in Advanced High Strength Steel for our Flat-Rolled customers, and developing new Premium Connections for our Tubular customers.

## 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

United States Steel Corporation

Our Flat-Rolled segment asset revitalization program is a comprehensive investment plan with a focus on improving safety, quality, delivery, and cost. 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 greatest expected 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; the projects were selected to 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 expect to have 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 is intended to 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.

The benefits of the asset revitalization program are evident after just one year, as we have achieved performance improvements from assets in which we have invested. We continue to experience operational challenges on assets we have not yet fully addressed. We expect further improvements in performance as we execute the remainder of our structured asset revitalization program.

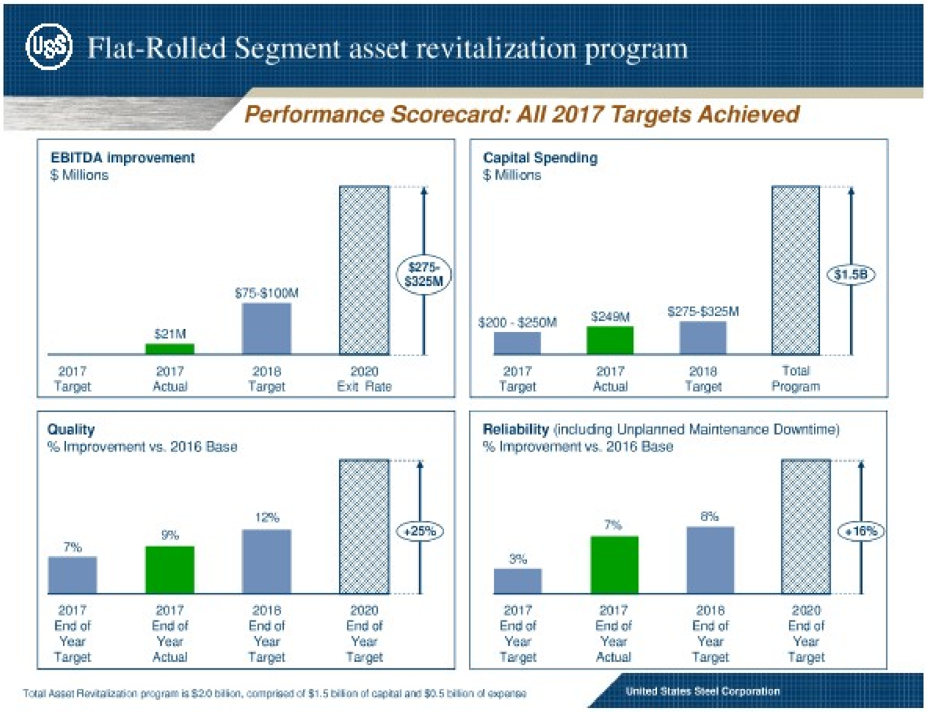

The total size of the program is $2 billion, with the projected split between capital and expense being $1.5 billion capital and $500 million expense.

We currently expect 2018 total Flat-Rolled segment maintenance and outage expense, which include expenses related to the asset revitalization program, to be comparable with 2017.

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 our thirteen 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 future capital spending for our asset revitalization program to be as follows:

- Approximately $275 - $325 million in 2018
- Balance to be spent in 2019 and 2020




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 measure the success of the program.

We made good progress in 2017, exceeding the EBITDA, quality, and reliability improvements we had committed to for 2017. We have established the additional improvements we expect to achieve in 2018, and are confident that we will deliver on these objectives.

By the end of 2020 we expect the Flat-Rolled Segment asset revitalization program to deliver three key benefits that we believe will increase the value creation potential of our business:

1. **Risk reduction:** Stabilize and de-risk our operations
2. **Cash flow generation:** EBITDA improvement of approximately $275 - $325 million annually as compared with 2016 as the base year, assuming 2016 raw materials costs and other market factors
3. **Growth:** Increased slab production capability at Gary Works, Great Lakes Works and Mon Valley Works by a total of approximately 1 million tons as compared with 2016

This projected EBITDA improvement of $275 - $325 million annually 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 | • Gary Works 8 BF PCI Transport and Distribution Lines<br>• $1 million investment<br>• Completed in 2Q 2018<br>• Improve reliability | • Great Lakes Works D4 BF Stove 1 Rebuild<br>• $25 million estimated investment<br>• Estimated to be completed in 3Q 2018<br>• Improve reliability |
| Steel Making | • Gary Works B Caster Stopper Rod<br>• $2 million investment<br>• Completed in 2Q 2018<br>• Improve quality, yield and reduce cost | • Great Lakes Works Slag Stopper System<br>• $5 million estimated investment<br>• To be completed in 3Q 2018<br>• Improve yield, quality, and reduce cost |
| Hot Rolling | • Gary Works HSM Slab Preparation Improvement<br>• < $1 million investment<br>• Completed in 2Q 2018<br>• Improve quality | • Great Lakes Works Replace HSM Coiler Hydraulic System<br>• $5 million estimated investment<br>• To be completed in 3Q 2018<br>• Improve reliability and reduce cost |
| Finishing | • Gary Works ETL5 Enhancements<br>• $8 million investment<br>• Completed in 2Q 2018<br>• Improve quality and reliability | • Midwest Tin Enhancements<br>• $36 million estimated investment<br>• To be completed in 4Q 2018<br>• Improve quality and reliability |

BF = Blast Furnace
PCI = Pulverized Coal Injection
HSM = Hot Strip Mill
ETL=Electrolytic Tin Line

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We have completed numerous projects so far this year, started hundreds more, and are in the planning and development stage for additional projects. A selection of completed and upcoming projects are below:

Iron Making - Great Lakes Works D4 BF Stove 1 Rebuild

- Extensive repairs and replacement of the stove scheduled for August
- Includes the replacement of refractory, the stove dome shell, and various stove valves and piping
- Stove rebuild will improve reliability and hot blast temperature, reducing fuel costs

Steel Making – Gary Works B Caster Stopper Rods

- B caster stopper rods and mold level control installed in second quarter
- Includes conversion of the existing tundish slide gate and mold level sensor to new stopper rod and mold level control system
- The new system has improved slab surface and internal quality and will reduce costs associated with refractory replacement

Hot Rolling - Great Lakes Works Replace HSM Coiler Hydraulic System

- Installation is ongoing with commissioning planned in August
- Includes new hydraulic power units, reservoir tank, piping, valves and controls
- Project to reduce unplanned downtime and maintenance repair costs

Finishing – Gary Works ETL5 Enhancements

- Enhancements completed in April 2018
- Included the installation of induction melters and quench tank, a new tension leveler, and upgrades to the cleaner and pickle sections
- Has resulted in substantially improved surface quality, flatness, and reliability on our Gary Tin assets to better serve our customers

## Business Update

*Operating updates*

Iron ore mining facilities

Flat-Rolled steel making facilities

Flat-Rolled finishing facilities

U. S. Steel Europe

Tubular facilities

United States Steel Corporation

Flat-rolled

At our 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 continue to operate the steel making and finishing facilities at our Gary, Great Lakes, and Mon Valley Works.

We continue to operate the hot strip mill and finishing facilities at our Granite City Works, and we began shipping steel from the restarted "B" blast furnace and steel making facilities at Granite City Works on June 13. We currently expect to restart the "A" blast furnace on or around October 1.

We continue to operate the finishing facilities at our Fairfield, Midwest, East Chicago, and Fairless Hills locations.

U. S. Steel Europe

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

Tubular Facilities

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 2017.

## A Principled Company Committed to Our Core Beliefs

**Safety**

- Benchmarking critical safety activities
- Development of enhanced Safety Management System
- Initiation of new safety communication methods
- Enhanced contractor safety processes

**Environmental Stewardship**

- Committed to effective environmental stewardship
- Enhanced environmental performance
- Investigated, created, and implemented best practice solutions to manage and reduce energy consumption

United States Steel Corporation

**Safety**

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
- 2018 Recordable Rate 2x better than BLS Iron and Steel Mills
- 2018 Recordable Rate 35% better than AISI

Days Away From Work
- 2018 Days Away Rate 6x better than BLS Iron and Steel Mills
- 2018 Days Away Rate 58% better than AISI

Serious Injury Index (greater than or equal to 31 Days Away)
- 2018 Serious Injury Index 18x better than BLS Iron and Steel Mills

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

**Environmental Stewardship**

Environmental stewardship is a core value at U. S. Steel, stemming from the Gary Principles. As a company, U. S. Steel articulates its core value of environmental stewardship through three basic principles that are the responsibility of all of our employees and our operations. These principles are:

- Compliance with environmental laws and regulations;
- Continuous improvement in environmental and resource management; and
- Continued reduction of emissions through innovation.

## Trade Update


- Administration focused on fair trade and threat of steel imports to national and economic security.
- Strongly support the Administration's Section 232 action (25% tariff or restrictive country quotas) to defend our national security by ensuring the long-term viability of the domestic steel industry.
- Continue to pursue vigorous enforcement of U.S. laws to address unfairly traded imports of steel.

United States Steel Corporation

We are encouraged by the Trump Administration's actions to address the threat to the U.S. manufacturing base, our economic competitiveness and our national security from unfairly traded steel imports and global excess capacity.

We strongly support the Section 232 action. A reduction in steel imports is necessary to achieve the domestic capacity utilization levels necessary to ensure the industry's long-term viability and ability to provide for our Nation's security.

U. S. Steel will continue to pursue vigorous enforcement of U.S. laws to address unfairly traded imports of steel.


# Appendix



## Other Items

***Capital Spending***
***2017 actual:*** *$505 million*
***2018 estimate:*** *$950 million*

***Depreciation, Depletion and Amortization***
***2017 actual:*** *$501 million*
***2018 estimate:*** *$520 million*

***Pension and Other Benefits Costs***
***2017 actual:*** *$187 million*
***2018 estimate:*** *$195 million*

***Pension and Other Benefits Cash Payments***
*(excluding voluntary pension contributions)*
***2017 actual:*** *$131 million*
***2018 estimate:*** *$131 million*


United States Steel Corporation

## Flat-Rolled Segment

Sources: Wards / AHAM / Customer Reports / AISI / US Census Bureau / Platts-FWDodge / Dept of Commerce / AIA / NAHB / MSCI

### Major end markets summary

**Automotive**

June vehicle sales beat forecasts at 17.38 million sales SAAR; best of 2018 and ~800k better than June '17 SAAR.
Vehicle inventories increased 4 days to 68 days to begin 2nd half, but 6 days better than July 1 of last year.
Truck share continues to grow, and now stands at 2/3 of the YTD 2018 vehicle sales.

**Industrial Equipment**

Increased spending in both the construction and energy markets have translated into improved demand for yellow goods year to date, with expectations that this trend will continue.
Industrial equipment manufacturers are paying close attention to a potential infrastructure bill.

**Tin Plate**

2018 tin mill products domestic mill shipments have been flat through the first 5 months of the year.
Imports slowed since the early part of the year, and are now down by 3% through May based on preliminary data, suggesting apparent consumption is down so far in 2018.

**Appliance**

June AHAM major appliance unit shipments of ~4.7 million fell by 4% year over year.
Home laundry fell significantly for the second month in a row y-o-y, but offset by food preservation.
YTD unit shipments are flat, and some manufacturers are revising lower their 2018 growth forecasts.

**Pipe and Tube**

After a brief pause in large job awards, global energy prices have accelerated and are creating more line pipe demand to move U.S. energy resources around the country.
Structural tubing sentiment remains strong in line with construction demand.
Higher rig counts and steel intensity/rig improving OCTG demand, but imports muting domestic demand.

**Construction**

June Architectural Billing Index slows 2.8% to 51.3, but YTD 2018 pacing 0.4 points ahead of 2017 YTD average.
Housing permits decrease 2.2% in June to a SAAR of 1.273 million versus a high May. Conversely, NAHB's June Housing Market Index was a strong reading of 68, yet concerns cited regarding rising construction costs.
The Dodge Momentum Index, an early measure of Non-Residential construction, increased by 0.8% in June, led by a Commercial Construction increase of 1.1%. The index is nearing a 10 year high.

**Service Center**

June MSCI carbon flat rolled shipments seasonally fell from May, but are higher year over year. Tons per day shipped of 111,300 tons is up 6.5% versus June 2017.
Inventory levels to finish June remain a healthy 2.0 months in total, which is flat versus May and up 0.1 month versus year ago levels.

United States Steel Corporation

## U. S. Steel Europe Segment

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

### Major end markets summary

**Automotive**

EU Light Vehicle Car production reached 5.1 million units in 2Q 2018, an increase of 4.9% y-o-y. EU car production is projected to grow by 3.8% y-o-y in 3Q 2018 to 4.3 million units. Increase of 2.3% y-o-y to 19.3 million units is currently projected for 2018. Total V4 car production reached 0.95 million units in 2Q 2018, an increase of 3.3% y-o-y. V4 car production is anticipated to increase by 7.9% y-o-y in 3Q 2018 to 0.80 million units. V4 car production is projected to increase by 4.5% y-o-y in 2018 to 3.6 million units.

**Appliance**

The EU appliance sector production increased by 5.2% y-o-y in 2Q 2018. In 3Q 2018, production is expected to increase by 4.4% y-o-y. Demand is driven by small and SMART appliances. The market in the EU is anticipated to grow by 4.4%, with 8.7% growth in Central Europe, in 2018. The highest increase in the sector is projected in Hungary.

**Tin Plate**

EU tin consumption in Q2 increased by 4% y-o-y. As the green peas season is over, consumption of cans in Q3 will be switched to sweet corn packaging. However, as demand for sweet corn is slightly lower, the demand in Q3 is expected to decrease by 2.5% y-o-y. 2018 consumption is projected to increase by 1% versus 2017.

**Construction**

The main drivers behind the current construction boom are the economic upturn, low interest rates, migratory flows and the investment backlog that has accumulated since the financial crisis. In 2018 construction is expected to grow by 2.7% in the EU.

**Service Centers**

The latest data from German stockholders association showed that the service center stocks moved closer to normal in June from high levels in May, indicating that the period of limited buying could dwindle somewhat.



United States Steel Corporation

# Tubular Segment

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

## *Market industry summary*

| | |
|---|---|
| ***Oil Rig Count*** | The oil rig count averaged 843 during 2Q, an increase of 8% q-o-q. As of July 6, 2018, there were 863 active oil rigs. |
| ***Gas Rig Count*** | The natural gas rig count averaged 195 during 2Q, an increase of 5% q-o-q. As of July 6, 2018, there were 187 active natural gas rigs. |
| ***Natural Gas Storage Level*** | As of June 29, 2018, there was 2.2 Tcf of natural gas in storage, down 25% y-o-y. |
| ***Oil Price*** | The West Texas Intermediate oil price averaged $68 per barrel during 2Q, up 8% q-o-q. |
| ***Natural Gas Price*** | The Henry Hub natural gas price averaged $2.85 per million btu during 2Q, down 6% q-o-q. |
| ***Imports*** | Imports of OCTG remain high. During 2Q, import share of OCTG apparent market demand is projected to be approximately 50%. |
| ***OCTG Inventory*** | Overall, OCTG supply chain inventory remains near 3 months. |

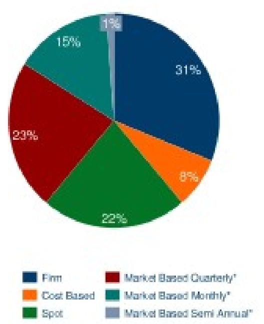


# U. S. Steel Commercial – Contract vs. Spot

## *Contract vs. spot mix – twelve months ended June 30, 2018*

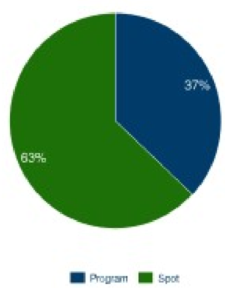
### *Flat-Rolled*

*Contract: 78%*
*Spot: 22%*



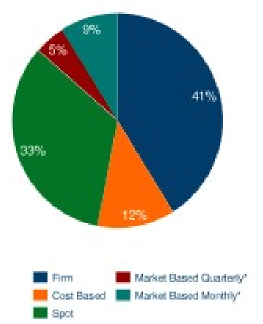

### *Tubular*

*Program: 37%*
*Spot: 63%*




### *U. S. Steel Europe*

*Contract: 67%*
*Spot: 33%*




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

## First Quarter 2018 vs. Second Quarter 2018

**Flat-Rolled segment EBITDA Bridge**
1Q 2018 vs. 2Q 2018 ($ Millions)

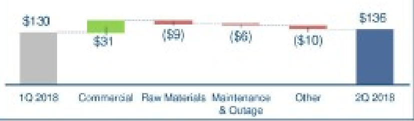

Commercial change is primarily due to higher average realized prices

Raw Materials change is primarily due to higher raw materials costs across all raw materials categories, partially offset by normal seasonal improvements at our mining operations

Maintenance & Outage change is not material

Other change is primarily due to higher variable compensation

**U. S. Steel Europe segment EBITDA Bridge**
1Q 2018 vs. 2Q 2018 ($ Millions)




Commercial change is primarily due to higher average euro-based realized prices

Raw Materials change is primarily due to an unfavorable first-in-first-out (FIFO) inventory impact

Maintenance & Outage change is primarily due to higher outage spending

Other change is primarily due to the change in the U.S. Dollar / Euro exchange rate

**Tubular segment EBITDA Bridge**
1Q 2018 vs. 2Q 2018 ($ Millions)


Commercial change is primarily due to higher average realized prices and increased shipments

Raw Materials change is primarily due to higher prices for steel substrate

Maintenance & Outage change primarily is due to lower outage spending

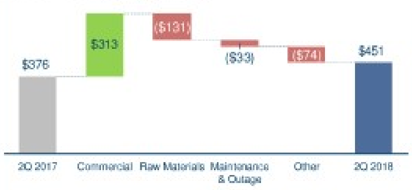
Other change is primarily due to higher variable compensation

Note: For reconciliation of non-GAAP amounts see Appendix.



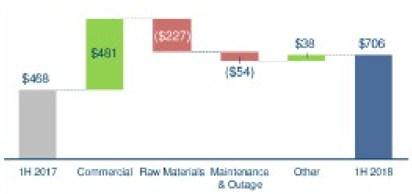
## Total Corporation

**Total Corporation Adjusted EBITDA Bridge**
2Q 2017 vs. 2Q 2018 ($ Millions)




**Total Corporation Adjusted EBITDA Bridge**
2Q 2017 vs. 2Q 2018 ($ Millions)


**Total Corporation Adjusted EBITDA Bridge**
1H 2017 vs. 1H 2018 ($ Millions)




**Total Corporation Adjusted EBITDA Bridge**
1H 2017 vs. 1H 2018 ($ Millions)

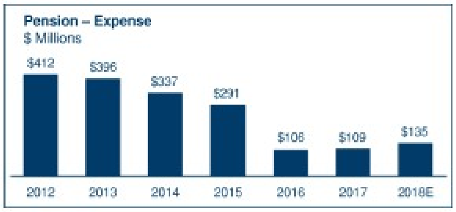

Note: For reconciliation of non-GAAP amounts see Appendix.

# Pension

## Expense and funded status

**Participants by Type of Plan**

| Type of Plan | 12/31/2003 | 12/31/2016 | 12/31/2017 |
|---|---|---|---|
| Defined Benefit | 15,574 | 4,710 | 4,220 |
| Multiemployer | 6,043 | 9,730 | 9,306 |
| Defined Contribution | 1,627 | 3,535 | 3,651 |
| Total | 23,244 | 17,975 | 17,177 |

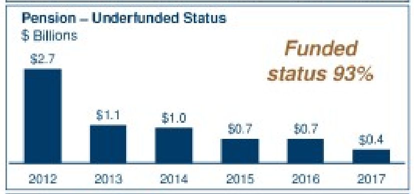


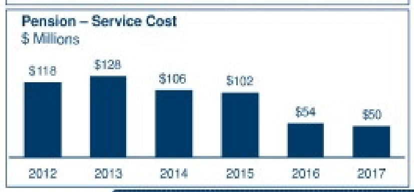

**Major Assumptions:**

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 2017 and 2018E

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, 7.25% for 2017, and 6.85% for 2018E

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

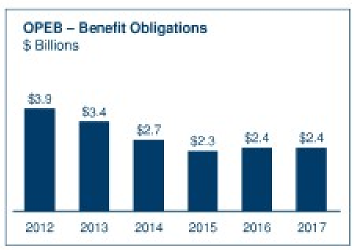



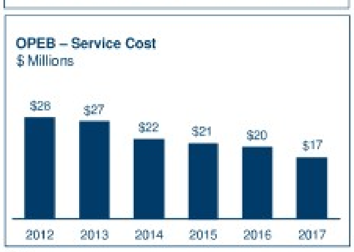



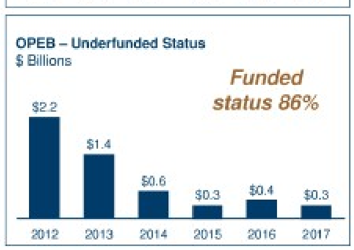



# OPEB

## Expense and funded status


**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, 4.00% for 2017, and 4.03% for 2018E

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, 3.25% for 2017, and 4.25% for 2018E

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

## Reconciliation of segment EBITDA

| Segment EBITDA – Flat-Rolled ($ millions) | 2Q 2017 | 1Q 2018 | 2Q 2018 | 1H 2017 | 1H 2018 |
|---|---|---|---|---|---|
| Segment earnings before interest and income taxes | $220 | $33 | $224 | $132 | $257 |
| Depreciation | 81 | 90 | 92 | 180 | 182 |
| Segment EBITDA | $301 | $123 | $316 | $312 | $439 |

| Segment EBITDA – U. S. Steel Europe ($ millions) | 2Q 2017 | 1Q 2018 | 2Q 2018 | 1H 2017 | 1H 2018 |
|---|---|---|---|---|---|
| Segment earnings before interest and income taxes | $55 | $110 | $115 | $142 | $225 |
| Depreciation | 17 | 20 | 21 | 36 | 41 |
| Segment EBITDA | $72 | $130 | $136 | $178 | $266 |

| Segment EBITDA – Tubular ($ millions) | 2Q 2017 | 1Q 2018 | 2Q 2018 | 1H 2017 | 1H 2018 |
|---|---|---|---|---|---|
| Segment loss before interest and income taxes | ($29) | ($27) | ($35) | ($86) | ($62) |
| Depreciation | 13 | 13 | 12 | 28 | 25 |
| Segment EBITDA | ($16) | ($14) | ($23) | ($58) | ($37) |



## Reconciliation to Consolidated 3Q and Full Year EBITDA Included in Guidance

| ($ millions) | 3Q 2018 | FY 2018 | |
|---|---|---|---|
| Projected net earnings attributable to United States Steel Corporation included in Guidance | $288 | $925 | $975 |
| Estimated income tax expense | 22 | 50 | 50 |
| Estimated net interest and other financial costs | 61 | 315 | 315 |
| Estimated depreciation, depletion and amortization | 129 | 520 | 520 |
| Projected EBITDA included in Guidance | $500 | $1,810 | $1,860 |
| Gain on equity investee transactions | - | (18) | (18) |
| Granite City Works blast furnace B restart costs | - | 36 | 36 |
| Estimated Granite City Works blast furnace A restart costs | 25 | 30 | 30 |
| Granite City Works adjustment to temporary idling charges | - | (8) | (8) |
| Projected adjusted EBITDA included in Guidance | $525 | $1,850 | $1,900 |

## Reconciliation of net debt

| Net Debt ($ millions) | YE 2015 | YE 2016 | YE 2017 | 1H 2018 |
|---|---|---|---|---|
| Short-term debt and current maturities of long-term debt | $45 | $50 | $3 | $4 |
| Long-term debt, less unamortized discount and debt issuance costs | 3,093 | 2,981 | 2,700 | 2,541 |
| Total Debt | $3,138 | $3,031 | $2,703 | $2,545 |
| Less: Cash and cash equivalents | 755 | 1,515 | 1,553 | 1,231 |
| Net Debt | $2,383 | $1,516 | $1,150 | $1,314 |

United States Steel Corporation

## Cash conversion cycle

| Cash Conversion Cycle | 1Q 2018 | | 2Q 2018 | |
|---|---|---|---|---|
| | $ millions | Days | $ millions | Days |
| Accounts Receivable, net | $1,566 | 42 | $1,656 | 41 |
| + Inventories | $1,824 | 57 | $1,848 | 53 |
| − Accounts Payable and Other Accrued Liabilities | $2,164 | 69 | $2,318 | 65 |
| = Cash Conversion Cycle | | 30 | | 29 |

**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.



United States Steel Corporation

## Reconciliation of reported and adjusted net earnings

| ($ millions) | 2Q 2017 | 2Q 2018 |
|---|---|---|
| Reported net earnings attributable to U. S. Steel | $261 | $214 |
| Gain associated with retained interest in U. S. Steel Canada Inc. | (72) | – |
| Gain on equity investee transactions | – | (18) |
| Granite City restart costs | – | 36 |
| Granite City Works temporary idling charges | – | 2 |
| Loss on debt extinguishment and other related costs | – | 28 |
| Adjusted net earnings attributable to U. S. Steel | $189 | $262 |

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



## Reconciliation of adjusted EBITDA

| ($ millions) | 2Q 2017 | 1Q 2018 | 2Q 2018 | 1H 2017 | 1H 2018 |
|---|---|---|---|---|---|
| Reported net earnings attributable to U. S. Steel | $261 | $18 | $214 | $81 | $232 |
| Income tax provision (benefit) | (16) | 1 | 12 | 3 | 13 |
| Net interest and other financial costs[1] | 82 | 118 | 75 | 163 | 193 |
| Reported earnings before interest and income taxes | $327 | $137 | $301 | $247 | $438 |
| Depreciation, depletion and amortization expense | 121 | 128 | 130 | 258 | 258 |
| EBITDA | $448 | $265 | $431 | $505 | $696 |
| Gain associated with retained interest in U. S. Steel Canada Inc. | (72) | – | – | (72) | – |
| Gain on equity investee transactions | – | – | (18) | – | (18) |
| Granite City Works restart costs | – | – | 36 | – | 36 |
| Loss on shutdown of certain tubular assets | – | – | – | 35 | – |
| Granite City Works temporary idling charges | – | (10) | 2 | – | (8) |
| Adjusted EBITDA | $376 | $255 | $451 | $468 | $706 |

[1]Net interest and other financial costs amounts were adjusted due to the retrospective application of accounting standards update 2017-07, "Compensation-Retirement Benefits" that was effective January 1, 2018.

United States Steel Corporation

# Second Quarter 2018

# Questions and Answers

# August 1, 2018

## 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, 2017, in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, 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. What is the status of the Asset Revitalization program and implementation of Reliability Centered Maintenance?

We continue to make good progress on our asset revitalization program and remain focused on achieving both the EBITDA and capital spend targets as well as the quality and reliability improvements we committed to for 2018. Our goal is to deliver consistent, reliable earnings longer term with our focus on delivering sustainable operational improvements through 2020. We are making investments across our Asset Revitalization portfolio and benefits are materializing on these assets. Later this month we will begin a 52 day blast furnace outage at Great Lakes Works and have additional Asset Revitalization investments scheduled at the facility to coincide with the blast furnace downtime.

Reliability centered maintenance (RCM) is a critical part of our Asset Revitalization investments. The main focus of our deployment and acceleration of RCM on our priority assets is on two efforts: Building organization capacity and capability and implementing reliability practices and performance management. We are making significant progress at Gary, Mon Valley, and Great Lakes implementing reliability excellence following a standardized approach. We are focused on enhancements in our processes and building capability in our people related to RCM as we pursue our goal of improved asset reliability.

2. What is the status of the Section 232 investigation on steel imports?

As of June 2018, U.S. imports of steel products covered by the Section 232 action from all countries except Argentina, Australia, Brazil, and Korea are subject to 25 percent tariffs. U.S. imports of covered steel products from Argentina, Brazil, and Korea are subject to restrictive quotas agreed to by those countries in lieu of the Section 232 tariffs, retroactive to January 1, 2018.

The U.S. Department of Commerce is managing a process in which U.S. companies may request and/or oppose temporary product exclusions from the 25 percent tariff. Companies have 30 days from the publication of an exclusion request to submit opposition comments, and each request should be adjudicated in roughly 90 days. U. S. Steel is actively opposing exclusion requests for products it produces. We continue to strongly support and defend the Section 232 action through all available tools.

3. Why is your reporting of postretirement benefit (expense) income changing in 2018, and how will the change impact your financial results?

Effective January 1, 2018, U.S. Generally Accepted Accounting Principles (U.S. GAAP) has changed how an employer who offers defined benefit and postretirement benefit plans reports the service cost component of the net periodic benefit cost and the other components of net periodic benefit cost (ASU 2017-07). Service cost is reported in the same line item or items as other compensation cost arising from services rendered by employees during the period, primarily cost of sales. The other components of net periodic benefit costs are presented on a retrospective basis in the income statement separately from the service cost component and are now reported in net interest and other financial costs.

The adoption of this new accounting standard did not have an impact on our net earnings (loss), but it did result in a reclassification from a line on the income statement within earnings (loss) before interest and income taxes to a line on the income statement below earnings (loss) before interest and income taxes.

The table below shows the pro-forma impact of reporting under ASU 2017-07 on our 2016 and 2017 results.

| | As Reported Year Ended December 31, | | Pro-Forma Year Ended December 31, | | Change | |
|---|---|---|---|---|---|---|
| *(Dollars in millions, except per share amounts)* | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| **Net Sales** | **$12,250** | **$10,261** | **$12,250** | **$10,261** | **$ -** | **$ -** |
| **Segment earnings (loss) before interest and income taxes** | | | | | | |
| Flat-Rolled | $ 380 | $ (3) | $ 386 | $ 11 | $ 6 | $ 14 |
| U. S. Steel Europe | 327 | 185 | 327 | 185 | - | - |
| Tubular | (99) | (304) | (99) | (303) | - | 1 |
| Other Businesses | 44 | 63 | 44 | 63 | - | - |
| **Total segment earnings (loss) before interest and income taxes** | $ 652 | $ (59) | $ 658 | $ (44) | $ 6 | $ 15 |
| Postretirement benefit (expense) income | (66) | 62 | (11) | 11 | 55 | (51) |
| Other items not allocated to segments | 22 | (168) | 22 | (168) | - | - |
| **Earnings (loss) before interest and income taxes** | $ 608 | $ (165) | $ 669 | $ (201) | $ 61 | $ (36) |
| **Net interest and other financial costs** | 307 | 251 | 368 | 215 | 61 | (36) |
| **Income tax (benefit) provision** | (86) | 24 | (86) | 24 | - | - |
| **Net earnings (loss)** | $ 387 | $ (440) | $ 387 | $ (440) | $ - | $ - |
| **Earnings (loss) per diluted share** | $ 2.19 | $ (2.81) | $ 2.19 | $ (2.81) | $ - | $ - |
| | | | | | | |
| **Adjusted earnings before interest, income taxes, depreciation and amortization (EBITDA)** | $ 1,087 | $ 510 | $ 1,148 | $ 474 | $ 61 | $ (36) |

## 4. 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 graphic below illustrates the seasonality of pellet shipments.