

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended March 31, 2019

Or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_



(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation)

1-16811  
(Commission  
File Number)

25-1897152  
(IRS Employer  
Identification No.)

600 Grant Street, Pittsburgh, PA  
(Address of principal executive offices)

15219-2800  
(Zip Code)

(412) 433-1121  
(Registrant's telephone number,  
including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company  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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
United States Steel Corporation Common Stock	X	New York Stock Exchange and Chicago Stock Exchange

Common stock outstanding at April 25, 2019 – 172,391,637 shares

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### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains information that may constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend the forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in those sections. Generally, we have identified such forward-looking statements by using the words “believe,” “expect,” “intend,” “estimate,” “anticipate,” “project,” “target,” “forecast,” “aim,” “should,” “will” and similar expressions or by using future dates in connection with any discussion of, among other things, operating performance, trends, events or developments that we expect or anticipate will occur in the future, statements relating to volume growth, share of sales and earnings per share growth, and statements expressing general views about future operating results. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. Forward-looking statements are not historical facts, but instead represent only the Company’s beliefs regarding future events, many of which, by their nature, are inherently uncertain and outside of the Company’s control. It is possible that the Company’s actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements. Management believes that these forward-looking statements are reasonable as of the time made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. Our Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our Company’s historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to the risks and uncertainties described in this report and in “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2018, and those described from time to time in our future reports filed with the Securities and Exchange Commission.

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

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**UNITED STATES STEEL CORPORATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
(Unaudited)

(Dollars in millions, except per share amounts)	Three Months Ended March 31,	
	2019	2018
<b>Net sales:</b>		
Net sales	\$ 3,124	\$ 2,821
Net sales to related parties (Note 21)	375	328
Total (Note 5)	3,499	3,149
<b>Operating expenses (income):</b>		
Cost of sales (excludes items shown below)	3,172	2,808
Selling, general and administrative expenses	78	78
Depreciation, depletion and amortization	143	128
Earnings from investees	(9)	(3)
Net loss on disposal of assets	4	1
Total	3,388	3,012
<b>Earnings before interest and income taxes</b>	111	137
Interest expense	34	50
Interest income	(5)	(5)
Loss on debt extinguishment (Note 11)	—	46
Other financial (income) costs	(3)	10
Net periodic benefit cost (other than service cost)	23	17
Net interest and other financial costs (Note 11)	49	118
<b>Earnings before income taxes</b>	62	19
Income tax provision (Note 13)	8	1
Net earnings	54	18
Less: Net earnings attributable to noncontrolling interests	—	—
<b>Net earnings attributable to United States Steel Corporation</b>	\$ 54	\$ 18
<b>Earnings per common share (Note 14):</b>		
Earnings per share attributable to United States Steel Corporation stockholders:		
-Basic	\$ 0.31	\$ 0.10
-Diluted	\$ 0.31	\$ 0.10

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

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

(Dollars in millions)	Three Months Ended March 31,	
	2019	2018
Net earnings	\$ 54	\$ 18
Other comprehensive income (loss), net of tax:		
Changes in foreign currency translation adjustments	(17)	40
Changes in pension and other employee benefit accounts	32	46
Derivative financial instruments	15	(16)
Total other comprehensive income, net of tax	30	70
Comprehensive income including noncontrolling interest	84	88
Comprehensive income attributable to noncontrolling interest	—	—
Comprehensive income attributable to United States Steel Corporation	\$ 84	\$ 88

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

**UNITED STATES STEEL CORPORATION**  
**CONSOLIDATED BALANCE SHEET**  
(Unaudited)

(Dollars in millions)	March 31, 2019	December 31, 2018
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (Note 6)	\$ 676	\$ 1,000
Receivables, less allowance of \$28 and \$29	1,489	1,435
Receivables from related parties (Note 21)	240	224
Inventories (Note 7)	2,133	2,092
Other current assets	92	79
Total current assets	4,630	4,830
Operating lease assets (Note 8)	234	—
Property, plant and equipment	16,210	16,008
Less accumulated depreciation and depletion	11,221	11,143
Total property, plant and equipment, net	4,989	4,865
Investments and long-term receivables, less allowance of \$5 in both periods	535	513
Intangibles – net (Note 9)	156	158
Deferred income tax benefits (Note 13)	427	445
Other noncurrent assets	181	171
Total assets	\$ 11,152	\$ 10,982
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 2,428	\$ 2,454
Accounts payable to related parties (Note 21)	119	81
Payroll and benefits payable	333	440
Accrued taxes	115	118
Accrued interest	26	39
Current operating lease liabilities (Note 8)	53	—
Current portion of long-term debt (Note 16)	66	65
Total current liabilities	3,140	3,197
Noncurrent operating lease liabilities (Note 8)	185	—
Long-term debt, less unamortized discount and debt issuance costs (Note 16)	2,326	2,316
Employee benefits	954	980
Deferred income tax liabilities (Note 13)	12	14
Deferred credits and other noncurrent liabilities	299	272
Total liabilities	6,916	6,779
Contingencies and commitments (Note 22)		
<b>Stockholders' Equity (Note 19):</b>		
Common stock (178,042,935 and 177,386,430 shares issued) (Note 14)	178	177
Treasury stock, at cost (5,185,931 shares and 2,857,578 shares)	(126)	(78)
Additional paid-in capital	3,924	3,917
Retained earnings	1,255	1,212
Accumulated other comprehensive loss (Note 20)	(996)	(1,026)
Total United States Steel Corporation stockholders' equity	4,235	4,202
Noncontrolling interests	1	1
Total liabilities and stockholders' equity	\$ 11,152	\$ 10,982

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

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

(Dollars in millions)	Three Months Ended March 31,	
	2019	2018
<b>Increase (decrease) in cash, cash equivalents and restricted cash</b>		
<b>Operating activities:</b>		
Net earnings	\$ 54	\$ 18
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation, depletion and amortization	143	128
Loss on debt extinguishment (Note 11)	—	46
Pensions and other postretirement benefits	30	22
Deferred income taxes (Note 13)	6	—
Net loss on disposal of assets	4	1
Distributions received, net of equity investees earnings	(9)	(3)
Changes in:		
Current receivables	(124)	(169)
Inventories	(50)	(76)
Current accounts payable and accrued expenses	(73)	(65)
Income taxes receivable/payable	41	(8)
Bank checks outstanding	9	4
All other, net	(2)	3
Net cash provided by (used in) operating activities	29	(99)
<b>Investing activities:</b>		
Capital expenditures	(302)	(208)
Net cash used in investing activities	(302)	(208)
<b>Financing activities:</b>		
Issuance of long-term debt, net of financing costs (Note 16)	—	640
Repayment of long-term debt (Note 16)	—	(538)
Common stock repurchased (Note 24)	(42)	—
Dividends paid	(9)	(9)
Receipt from exercise of stock options	—	30
Taxes paid for equity compensation plans (Note 12)	(5)	(6)
Net cash (used in) provided by financing activities	(56)	117
<b>Effect of exchange rate changes on cash</b>	(2)	10
<b>Net decrease in cash, cash equivalents and restricted cash</b>	(331)	(180)
<b>Cash, cash equivalents and restricted cash at beginning of year (Note 6)</b>	1,040	1,597
<b>Cash, cash equivalents and restricted cash at end of period (Note 6)</b>	\$ 709	\$ 1,417

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

## Notes to Consolidated Financial Statements (Unaudited)

### 1. Basis of Presentation and Significant Accounting Policies

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

The year-end Consolidated Balance Sheet data was derived from audited statements but does not include all disclosures required for complete financial statements by accounting principles generally accepted in the United States of America (U.S. GAAP). The other information in these financial statements is unaudited but, in the opinion of management, reflects all adjustments necessary for a fair statement of the results for the periods covered. All such adjustments are of a normal recurring nature unless disclosed otherwise. These financial statements, including notes, have been prepared in accordance with the applicable rules of the Securities and Exchange Commission and do not include all of the information and disclosures required by U.S. GAAP for complete financial statements. Additional information is contained in the United States Steel Corporation Annual Report on Form 10-K for the fiscal year ended December 31, 2018, which should be read in conjunction with these financial statements.

### 2. New Accounting Standards

In August 2018, the FASB issued ASU 2018-14, *Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20), Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans* (ASU 2018-14). ASU 2018-14 removes certain disclosures that the FASB no longer considers cost beneficial, adds certain disclosure requirements and clarifies others. ASU 2018-14 is effective for public companies for fiscal years beginning after December 15, 2020, with early adoption permitted. U. S. Steel is currently assessing the impact of the ASU on its defined benefit plan disclosures.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13), which adds an impairment model that is based on expected losses rather than incurred losses. Under ASU 2016-13, an entity recognizes as an allowance its estimate of expected credit losses, which the FASB believes will result in more timely recognition of such losses. ASU 2016-13 is effective for public companies for fiscal years beginning after December 15, 2019 including interim reporting periods, with early adoption permitted. U. S. Steel is currently assessing the impact of the ASU, but does not believe this ASU will have a material impact on its overall Consolidated Financial Statements.

### 3. Recently Adopted Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases* (ASU 2016-02). Under ASU 2016-02, for operating leases, a lessee should recognize in its statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term; recognize a single lease cost, which is allocated over the lease term, generally on a straight line basis, and classify all cash payments within operating activities in the statement of cash flows. For finance leases, a lessee is required to recognize a right-of-use asset and a lease liability; recognize interest on the lease liability separately from amortization of the right-of-use asset, and classify repayments of the principal portion of the lease liability within financing activities and payments of interest on the lease liability within operating activities in the statement of cash flows. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and lease liabilities. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842) - Targeted Improvements* (ASU 2018-11), which provides an option to use a modified retrospective transition method at the adoption date. U. S. Steel adopted the new lease accounting standard effective January 1, 2019 using the optional modified retrospective transition method outlined in ASU 2018-11. As a result of the adoption, an operating lease asset and current and noncurrent liabilities for operating leases were recorded, and there was an insignificant reduction in prior year retained earnings for the cumulative effect of adoption for operating leases where payment started after lease commencement. See Note 8 for further details.

U. S. Steel's adoption of the following ASU's effective January 1, 2019 did not have a material impact on U. S. Steel's financial position, results of operations or cash flows:

**Accounting Standard Update**

2018-07	Compensation - Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting
2018-15	Intangibles - Goodwill and Other - Internal Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs in a Cloud Computing Arrangement That is a Service Contract

**4. Segment Information**

U. S. Steel has three reportable segments: (1) Flat-Rolled Products (Flat-Rolled), which consists of the following three commercial entities that directly interact with our customers and service their needs: (i) automotive solutions, (ii) consumer solutions, and (iii) industrial, service center and mining solutions; (2) U. S. Steel Europe (USSE); and (3) Tubular Products (Tubular). The results of our railroad and real estate businesses that do not constitute reportable segments are combined and disclosed in the Other Businesses category.

The chief operating decision maker evaluates performance and determines resource allocations based on a number of factors, the primary measure being earnings (loss) before interest and income taxes. Earnings (loss) before interest and income taxes for reportable segments and Other Businesses does not include net interest and other financial costs (income), income taxes, and certain other items that management believes are not indicative of future results.

The accounting principles applied at the operating segment level in determining earnings (loss) before interest and income taxes are generally the same as those applied at the consolidated financial statement level. Intersegment sales and transfers are accounted for at market-based prices and are eliminated at the corporate consolidation level. Corporate-level selling, general and administrative expenses and costs related to certain former businesses are allocated to the reportable segments and Other Businesses based on measures of activity that management believes are reasonable.

The results of segment operations for the three months ended March 31, 2019 and 2018 are:

(In millions) Three Months Ended March 31, 2019	Customer Sales	Intersegment Sales	Net Sales	Earnings from investees	Earnings (loss) before interest and income taxes
Flat-Rolled	\$ 2,405	\$ 69	\$ 2,474	\$ 7	\$ 95
USSE	737	3	740	—	29
Tubular	343	2	345	2	10
Total reportable segments	3,485	74	3,559	9	134
Other Businesses	14	30	44	—	8
Reconciling Items and Eliminations	—	(104)	(104)	—	(31)
Total	\$ 3,499	\$ —	\$ 3,499	\$ 9	\$ 111

Three Months Ended March 31, 2018					
Flat-Rolled	\$ 2,046	\$ 57	\$ 2,103	\$ 2	\$ 33
USSE	823	1	824	—	110
Tubular	266	—	266	1	(27)
Total reportable segments	3,135	58	3,193	3	116
Other Businesses	14	31	45	—	11
Reconciling Items and Eliminations	—	(89)	(89)	—	10
Total	\$ 3,149	\$ —	\$ 3,149	\$ 3	\$ 137



The following is a schedule of reconciling items to consolidated earnings before interest and income taxes:

(In millions)	Three Months Ended March 31,	
	2019	2018
Items not allocated to segments:		
Clairton coke making facility fire	\$ (31)	\$ —
Granite City Works adjustment to temporary idling charges	—	10
Total reconciling items	\$ (31)	\$ 10

## 5. Revenue

Revenue is generated primarily from contracts to produce, ship and deliver steel products, and to a lesser extent, to deliver raw materials such as iron ore pellets, to deliver coke by-products and for railroad services and real estate sales. Generally, U. S. Steel's performance obligations are satisfied, control of our products is transferred, and revenue is recognized at a single point in time, when title transfers to our customer for product shipped or services are provided. Revenues are recorded net of any sales incentives. Shipping and other transportation costs charged to customers are treated as fulfillment activities and are recorded in both revenue and cost of sales at the time control is transferred to the customer. Costs related to obtaining sales contracts are incidental and are expensed when incurred. Because customers are invoiced at the time title transfers and U. S. Steel's right to consideration is unconditional at that time, U. S. Steel does not maintain contract asset balances. Additionally, U. S. Steel does not maintain contract liability balances, as performance obligations are satisfied prior to customer payment for product. U. S. Steel offers industry standard payment terms.

U. S. Steel has three reportable segments: Flat-Rolled, USSE and Tubular. Flat-Rolled primarily generates revenue from sheet and coated product sales to North American customers. Flat-Rolled also sells slabs, iron ore pellets and coke making by-products. USSE sells slabs, sheet, strip mill plate, coated products and spiral welded pipe to customers primarily in the Eastern European market. Tubular sells seamless and electric resistance welded (ERW) steel casing and tubing (commonly known as oil country tubular goods or OCTG), standard and line pipe and mechanical tubing and primarily serves customers in the oil, gas and petrochemical markets. Revenue from our railroad and real estate businesses is reported in the Other Businesses category in our segment reporting structure. The following tables disaggregate our revenue by product for each of our reportable business segments for the three months ended March 31, 2019 and 2018, respectively:

### Net Sales by Product

(In millions) Three Months Ended March 31, 2019	Flat-Rolled	USSE	Tubular	Other Businesses	Total
Semi-finished	\$ 88	\$ 4	\$ —	\$ —	\$ 92
Hot-rolled sheets	763	332	—	—	1,095
Cold-rolled sheets	661	88	—	—	749
Coated sheets	728	279	—	—	1,007
Tubular products	—	9	335	—	344
All Other <sup>(a)</sup>	165	25	8	14	212
<b>Total</b>	<b>\$ 2,405</b>	<b>\$ 737</b>	<b>\$ 343</b>	<b>\$ 14</b>	<b>\$ 3,499</b>

<sup>(a)</sup> Consists primarily of sales of raw materials and coke making by-products.

(In millions) Three Months Ended March 31, 2018	Flat-Rolled	USSE	Tubular	Other Businesses	Total
Semi-finished	\$ 9	\$ 37	\$ —	\$ —	\$ 46
Hot-rolled sheets	572	353	—	—	925
Cold-rolled sheets	639	98	—	—	737
Coated sheets	706	297	—	—	1,003
Tubular products	—	12	259	—	271
All Other <sup>(a)</sup>	120	26	7	14	167
<b>Total</b>	<b>\$ 2,046</b>	<b>\$ 823</b>	<b>\$ 266</b>	<b>\$ 14</b>	<b>\$ 3,149</b>

<sup>(a)</sup> Consists primarily of sales of raw materials and coke making by-products.

## 6. Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within U. S. Steel's Consolidated Balance Sheets that sum to the total of the same amounts shown in the Consolidated Statement of Cash Flows:

(In millions)	March 31, 2019	March 31, 2018
Cash and cash equivalents	\$ 676	\$ 1,372
Restricted cash in other current assets	2	6
Restricted cash in other noncurrent assets	31	39
<b>Total cash, cash equivalents and restricted cash</b>	<b>\$ 709</b>	<b>\$ 1,417</b>

Amounts included in restricted cash represent cash balances which are legally or contractually restricted, primarily for environmental capital expenditure projects and insurance purposes.

## 7. Inventories

Inventories are carried at the lower of cost or market for last-in, first-out (LIFO) inventories and lower of cost and net realizable value for first-in, first-out (FIFO) method inventories. The LIFO method is the predominant method of inventory costing in the United States. The FIFO method is the predominant inventory costing method in Europe. At March 31, 2019 and December 31, 2018, the LIFO method accounted for 73 percent and 74 percent of total inventory values, respectively.

(In millions)	March 31, 2019	December 31, 2018
Raw materials	\$ 617	\$ 605
Semi-finished products	1,059	1,021
Finished products	401	404
Supplies and sundry items	56	62
<b>Total</b>	<b>\$ 2,133</b>	<b>\$ 2,092</b>

Current acquisition costs were estimated to exceed the above inventory values by \$1,159 million and \$1,038 million at March 31, 2019 and December 31, 2018, respectively. As a result of the liquidation of LIFO inventories, cost of sales increased and earnings before income and income taxes decreased by \$1 million and \$2 million in the three months ended March 31, 2019 and March 31, 2018, respectively.

Inventory includes \$41 million and \$39 million of land held for residential/commercial development as of March 31, 2019 and December 31, 2018, respectively.

## 8. Leases

Effective January 1, 2019, U. S. Steel adopted ASU 2016-02 using the optional modified retrospective transition method outlined in ASU 2018-11 which permitted application of ASU 2016-02 on January 1, 2019 using a cumulative effect adjustment to the opening balance of retained earnings. As a result of adoption, an operating lease asset of \$234 million and current and noncurrent liabilities for operating leases of \$53 million and \$185 million, respectively, were recorded as of March 31, 2019 (see below tabular disclosure for further details). There was an insignificant cumulative effect of adoption for operating lease liabilities that exceeded their related asset values for leases where payment started after lease commencement.

Operating lease assets consist primarily of office space, heavy mobile equipment used in our mining operations and facilities and equipment under operating service agreements for electricity generation and scrap processing. We also have operating lease assets for light mobile equipment and information technology assets. Significant finance leases include the Fairfield slab caster lease and heavy mobile equipment used in our mining operations (see Note 16 for further details). Variable lease payments are primarily related to operating service agreements where payment is solely dependent on consumption of certain services, such as raw material and by-product processing. Most long-term leases include renewal options and, in certain leases, purchase options. Generally, we are not reasonably certain that these options will be exercised. We have residual value guarantees under certain light mobile equipment leases. There is no impact to our leased assets for residual value guarantees as the potential loss is not probable (see "Other Contingencies" in Note 22 for further details). We do not have material restrictive covenants associated with our leases or material amounts of sublease income. From time to time, U. S. Steel may enter into arrangements for the construction or purchase of an asset and then enter into a financing arrangement to lease the asset. U. S. Steel recognizes leased assets and liabilities under these arrangements when it obtains control of the asset.

U. S. Steel elected the option within ASU 2016-02 to straight-line expense and not record assets or liabilities for leases with an initial term of 12 months or less. For leases beginning in 2019 and later, we separate non-lease components from lease components for leases under operating service agreements. We do not separate non-lease components for other lease types as they are not significant. The Company does not have secured notes outstanding; therefore, we use an estimated secured borrowing rate as the discount rate for most of our leases. In accordance with the practical expedients outlined in ASU 2016-02, we did not use hindsight in determining the lease term for existing leases and elected not to reassess the following for existing leases: whether contracts contain a lease, lease classification, and initial direct costs.

The following table summarizes the lease amounts included in our Consolidated Balance Sheet as of March 31, 2019.

(In millions)	Balance Sheet Location	March 31, 2019
<b>Assets</b>		
Operating	Operating lease assets <sup>(a)</sup>	\$ 234
Finance	Property, plant and equipment <sup>(b)</sup>	31
<b>Total Lease Assets</b>		<b>\$ 265</b>
<b>Liabilities</b>		
Current		
Operating	Current operating lease liabilities	\$ 53
Finance	Current portion of long-term debt	6
Non-Current		
Operating	Noncurrent operating lease liabilities	185
Finance	Long-term debt less unamortized discount and debt issuance costs	32
<b>Total Lease Liabilities</b>		<b>\$ 276</b>

<sup>(a)</sup> Operating lease assets are recorded net of accumulated amortization of \$12 million.

<sup>(b)</sup> Finance lease assets are recorded net of depreciation of \$21 million.

Operating lease cost of \$21 million and \$3 million was recorded in Cost of sales and Selling, general and administrative expenses, respectively, for the three months ended March 31, 2019. The amount recorded in Cost of sales includes \$5 million of variable lease cost and an immaterial amount of short-term lease cost. Finance lease cost of \$1 million for the three months ended March 31, 2019 was primarily recorded in Depreciation, depletion and amortization.

Lease liability maturities as of March 31, 2019 are shown below:

(In millions)	Operating	Finance	Total
2019	\$ 53	\$ 7	\$ 60
2020	57	8	65
2021	47	8	55
2022	37	14	51
2023	28	3	31
After 2023	74	5	79
Total Lease Payments	\$ 296	\$ 45	\$ 341
Less: Interest	58	7	65
Present value of lease liabilities	\$ 238	\$ 38	\$ 276

Future minimum commitments for capital and operating leases having initial non-cancelable lease terms in excess of one year as of the year ended December 31, 2018 were as follows:

(In millions)	Capital Leases	Operating Leases
2019	\$ 5	\$ 66
2020	5	55
2021	5	45
2022	11	37
2023	—	28
Later years	—	72
Total minimum lease payments	\$ 26	\$ 303
Less imputed interest costs	4	
Present value of net minimum lease payments included in long-term debt	\$ 22	

Lease terms and discount rates are shown below:

	March 31, 2019
<b>Weighted average lease term</b>	
Finance	5 years
Operating	6 years
<b>Weighted average discount rate</b>	
Finance	6.92%
Operating	7.16%

Supplemental cash flow information related to leases was as follows:

(In millions)	Three Months Ended March 31, 2019
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 18
Operating cash flows from finance leases	—
Financing cash flows from finance leases	—
Right-of-use assets exchanged for lease liabilities:	
Operating leases	8
Finance leases	16

## 9. Intangible Assets

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

(In millions)	Useful Lives	As of March 31, 2019			As of December 31, 2018		
		Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Customer relationships	22 Years	\$ 132	\$ 72	\$ 60	\$ 132	\$ 70	\$ 62
Patents	10-15 Years	22	7	15	22	7	15
Other	4-20 Years	14	8	6	14	8	6
Total amortizable intangible assets		\$ 168	\$ 87	\$ 81	\$ 168	\$ 85	\$ 83

Identifiable intangible assets with finite lives are reviewed for impairment whenever events or circumstances indicate that the carrying values may not be recoverable.

Amortization expense was \$2 million for both three months ended March 31, 2019 and March 31, 2018. The estimated amortization expense for the remainder of 2019 is \$6 million. We expect a consistent level of annual amortization expense through 2023.

The carrying amount of acquired water rights with indefinite lives as of March 31, 2019 and December 31, 2018 totaled \$75 million. The acquired water rights are tested for impairment annually in the third quarter, or whenever events or circumstances indicate the carrying value may not be recoverable. U. S. Steel performed a qualitative impairment evaluation of its acquired water rights during the third quarter of 2018. Based on the results of the evaluation, the water rights were not impaired.

## 10. Pensions and Other Benefits

The following table reflects the components of net periodic benefit cost for the three months ended March 31, 2019 and 2018:

(In millions)	Pension Benefits		Other Benefits	
	2019	2018	2019	2018
Service cost	\$ 11	\$ 13	\$ 3	\$ 4
Interest cost	60	58	23	23
Expected return on plan assets	(81)	(90)	(20)	(20)
Amortization of prior service cost	—	—	7	7
Amortization of actuarial net loss	33	38	1	1
Net periodic benefit cost, excluding below	23	19	14	15
Multiemployer plans	18	14	—	—
Net periodic benefit cost	\$ 41	\$ 33	\$ 14	\$ 15

### Employer Contributions

During the first three months of 2019, U. S. Steel made cash payments of \$18 million to the Steelworkers' Pension Trust and \$2 million of pension payments not funded by trusts.

During the first three months of 2019, cash payments of \$9 million were made for other postretirement benefit payments not funded by trusts.

Company contributions to defined contribution plans totaled \$10 million and \$11 million for the three months ended March 31, 2019 and 2018, respectively.

## 11. Net Interest and Other Financial Costs

Net interest and other financial costs includes interest expense (net of capitalized interest), interest income, financing costs, net periodic benefit costs (other than service costs) related to pension and other post-employment (OPEB) plans, and foreign currency derivative and remeasurement gains and losses. During the three months ended March 31, 2019 and 2018, net foreign currency gains of \$7 million and losses of \$4 million, respectively, were recorded in other financial costs. Additionally, during the three months ended March 31, 2018, there was a loss on debt extinguishment of \$46 million. There were no debt extinguishment transactions in 2019.

See Note 15 for additional information on U. S. Steel's use of derivatives to mitigate its foreign currency exchange rate exposure.

## 12. Stock-Based Compensation Plans

U. S. Steel has outstanding stock-based compensation awards that were granted by the Compensation & Organization Committee of the Board of Directors (the Committee) under the 2005 Stock Incentive Plan (the 2005 Plan) and the 2016 Omnibus Incentive Compensation Plan (the Omnibus Plan). On April 26, 2016, the Company's stockholders approved the Omnibus Plan and authorized the Company to issue up to 7,200,000 shares of U. S. Steel common stock under the Omnibus Plan. The Company's stockholders authorized the issuance of an additional 6,300,000 shares under the Omnibus Plan on April 25, 2017. While the awards that were previously granted under the 2005 Plan remain outstanding, all future awards will be granted under the Omnibus Plan. As of March 31, 2019, there were 6,612,640 shares available for future grants under the Omnibus Plan.

Recent grants of stock-based compensation consist of restricted stock units, total shareholder return (TSR) performance awards and return on capital employed (ROCE) performance awards. Shares of common stock under the Omnibus Plan are issued from authorized, but unissued stock. The following table is a general summary of the awards made under the Omnibus Plan during the first quarter of 2019 and 2018.

Grant Details	2019		2018	
	Shares <sup>(a)</sup>	Fair Value <sup>(b)</sup>	Shares <sup>(a)</sup>	Fair Value <sup>(b)</sup>
Restricted Stock Units	975,750	\$ 23.91	450,240	\$ 43.99
Performance Awards <sup>(c)</sup>				
TSR	210,520	\$ 29.22	70,470	\$ 63.87
ROCE	526,140	\$ 23.92	236,220	\$ 43.99

<sup>(a)</sup> The share amounts shown in this table do not reflect an adjustment for estimated forfeitures.

<sup>(b)</sup> Represents the per share weighted-average for all grants during the quarter.

<sup>(c)</sup> The number of performance awards shown represents the target value of the award.

U. S. Steel recognized pretax stock-based compensation expense in the amount of \$8 million and \$7 million in the three month periods ended March 31, 2019 and 2018, respectively.

As of March 31, 2019, total future compensation expense related to nonvested stock-based compensation arrangements was \$46 million, and the weighted average period over which this expense is expected to be recognized is approximately 18 months.

Restricted stock units awarded as part of annual grants generally vest ratably over three years. Their fair value is the market price of the underlying common stock on the date of grant. Restricted stock units granted in connection with new-hire or retention grants generally cliff vest three years from the date of the grant.

TSR performance awards may vest at varying levels at the end of a three-year performance period if U. S. Steel's total shareholder return compared to the total shareholder return of a peer group of companies meets performance criteria during the three-year performance period. TSR performance awards can vest at between zero and 200 percent of the target award. The fair value of the TSR performance awards is calculated using a Monte-Carlo simulation.

ROCE performance awards may vest at the end of a three-year performance period contingent upon meeting the specified ROCE metric. ROCE performance awards can vest at between zero and 200 percent of the target award. The fair value of the ROCE performance awards is the average market price of the underlying common stock on the date of grant.

For further details about our stock-based compensation incentive plans and stock awards see Note 15 of the United States Steel Corporation Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

### 13. Income Taxes

#### **Tax provision**

For the three months ended March 31, 2019 and 2018, we recorded a tax provision of \$8 million on our pretax earnings of \$62 million and a tax provision of \$1 million on our pretax earnings of \$19 million, respectively. The tax provision in both periods reflects a benefit for percentage depletion in excess of cost depletion from iron ore that we produce and consume or sell. In 2018, the tax provision also reflects a tax benefit for the release of a portion of the valuation allowance due to pretax income.

The tax provision for the first three months of 2019 is based on an estimated annual effective rate, which requires management to make its best estimate of annual pretax income or loss.

During the year, management regularly updates forecasted annual pretax results for the various countries in which we operate based on changes in factors such as prices, shipments, product mix, plant operating performance and cost estimates. To the extent that actual 2019 pretax results for U.S. and foreign income or loss vary from estimates applied herein, the actual tax provision or benefit recognized in 2019 could be materially different from the forecasted amount used to estimate the tax provision for the three months ended March 31, 2019.

#### **Deferred taxes**

Each quarter U. S. Steel analyzes the likelihood that our deferred tax assets will be realized. A valuation allowance is recorded if, based on the weight of all available positive and negative evidence, it is more likely than not that some portion, or all, of the deferred tax asset may not be realized.

At March 31, 2019, U. S. Steel reviewed all available positive and negative evidence and determined that it is more likely than not that certain domestic deferred tax assets may not be realized.

U. S. Steel will continue to monitor the realizability of its deferred tax assets on a quarterly basis taking into consideration, among other items, the uncertainty regarding the Company's continued ability to generate domestic income in the near term. In the future, if we determine that realization is more likely than not for deferred tax assets with a valuation allowance, the related valuation allowance will be reduced, and we will record a non-cash benefit to earnings.

**Unrecognized tax benefits**

Unrecognized tax benefits are the differences between a tax position taken, or expected to be taken, in a tax return and the benefit recognized for accounting purposes pursuant to the guidance in ASC Topic 740 on income taxes. As of March 31, 2019 and December 31, 2018, the total amount of gross unrecognized tax benefits was \$34 million and \$35 million, respectively. The total amount of net unrecognized tax benefits that, if recognized, would affect the effective tax rate was \$2 million as of both March 31, 2019 and December 31, 2018.

U. S. Steel records interest related to uncertain tax positions as a part of net interest and other financial costs in the Consolidated Statement of Operations. Any penalties are recognized as part of selling, general and administrative expenses. As of both March 31, 2019 and December 31, 2018, U. S. Steel had accrued liabilities of \$2 million for interest and penalties related to uncertain tax positions.

It is reasonably expected that during the next 12 months unrecognized tax benefits related to income tax positions will decrease by approximately \$32 million.

**14. Earnings and Dividends Per Common Share**

**Earnings Per Share Attributable to United States Steel Corporation Stockholders**

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

Diluted earnings per common share assumes the exercise of stock options, the vesting of restricted stock units and performance awards, provided in each case the effect is dilutive.



The computations for basic and diluted earnings per common share from continuing operations are as follows:

(Dollars in millions, except per share amounts)	Three Months Ended March 31,	
	2019	2018
Earnings attributable to United States Steel Corporation stockholders	\$ 54	\$ 18
Weighted-average shares outstanding (in thousands):		
Basic	173,241	176,157
Effect of stock options, restricted stock units and performance awards	1,304	2,132
Adjusted weighted-average shares outstanding, diluted	174,545	178,289
Basic earnings per common share	\$ 0.31	\$ 0.10
Diluted earnings per common share	\$ 0.31	\$ 0.10

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

(In thousands)	Three Months Ended March 31,	
	2019	2018
Securities granted under the 2016 Omnibus Incentive Compensation Plan, as amended	3,179	1,982

#### Dividends Paid Per Share

The dividend for the first quarter of 2019 and 2018 was five cents per common share.

## 15. Derivative Instruments

U. S. Steel is exposed to foreign currency exchange rate risks in our European operations. USSE's revenues are primarily in euros and costs are primarily in euros and U.S. dollars. U. S. Steel uses foreign exchange forward sales contracts (foreign exchange forwards) with maturities no longer than 12 months to exchange euros for U.S. dollars to manage our currency requirements and exposure to foreign currency exchange rate fluctuations. Derivative instruments are required to be recognized at fair value in the Consolidated Balance Sheet. U. S. Steel has not elected to designate these contracts as hedges. Therefore, changes in their fair value are recognized immediately in the Consolidated Statement of Operations and are also shown in the tabular disclosure below. We mitigate the risk of concentration of counterparty credit risk by purchasing our forwards from several counterparties.

In 2018, U. S. Steel entered into long-term freight contracts in its domestic operations that require payment in Canadian dollars (CAD). We entered into foreign exchange forward contracts with remaining maturities up to 20 months to exchange USD for CAD to mitigate a portion of the related risk of exchange rate fluctuations and to manage our currency requirements. We elected to designate these contracts as cash flow hedges. Accordingly, we record gains and losses on these contracts within Accumulated Other Comprehensive Income (AOCI) until the related contract impacts earnings.

From time to time U. S. Steel may use fixed-price forward physical purchase contracts to partially manage our exposure to price risk related to the purchases of natural gas, zinc and tin used in the production process. Generally, forward physical purchase contracts qualify for the normal purchase and normal sales exceptions described in ASC Topic 815 and are not subject to mark-to-market accounting. U. S. Steel also uses financial swaps to protect from the commodity price risk associated with purchases of natural gas, zinc and tin (commodity purchase swaps). We elected cash flow hedge accounting for domestic commodity purchase swaps and utilize mark-to-market accounting for commodity purchase swaps used in our European operations.

Financial swaps are also used to partially manage the sales price of certain hot-rolled coil and iron ore pellet contract sales (sales swaps). We elected cash flow hedge accounting for hot-rolled coil sales swaps effective January 1, 2018 and for iron ore pellet sales swaps effective January 1, 2019.

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

The table below shows the outstanding swap quantities used to hedge forecasted purchases and sales as of March 31, 2019 and March 31, 2018:

Hedge Contracts	Classification	March 31, 2019	March 31, 2018
Natural gas (in mmbtus)	Commodity purchase swaps	56,894,000	17,711,000
Tin (in metric tons)	Commodity purchase swaps	1,475	690
Zinc (in metric tons)	Commodity purchase swaps	13,651	10,627
Hot-rolled coils (in tons)	Sales swaps	—	78,000
Foreign currency (in millions of euros)	Foreign exchange forwards	€ 296	€ 251
Foreign currency (in millions of CAD)	Foreign exchange forwards	C\$ 48	C\$ —

The following summarizes the fair value amounts included in our Consolidated Balance Sheets as of March 31, 2019 and December 31, 2018:

(In millions) Designated as Hedging Instruments	Balance Sheet Location	March 31, 2019	December 31, 2018
Sales swaps	Accounts payable	\$ —	\$ 1
Commodity purchase swaps	Accounts receivable	5	2
Commodity purchase swaps	Accounts payable	1	17
Commodity purchase swaps	Investments and long-term receivables	3	—
Commodity purchase swaps	Other long-term liabilities	3	1
Foreign exchange forwards	Accounts payable	1	1
Foreign exchange forwards	Other long-term liabilities	1	1

#### Not Designated as Hedging Instruments

Foreign exchange forwards	Accounts receivable	14	12
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The table below summarizes the effect of hedge accounting on AOCI and amounts reclassified from AOCI into earnings for the three months ended March 31, 2019 and 2018:

(In millions)	Gain (Loss) on Derivatives in AOCI		Location of Reclassification from AOCI <sup>(a)</sup>	Amount of Gain (Loss) Recognized in Income	
	March 31, 2019	March 31, 2018		March 31, 2019	March 31, 2018
Sales swaps <sup>(b)</sup>	\$ 1	\$ (9)	Net sales	\$ (1)	\$ —
Commodity purchase swaps	18	(7)	Cost of sales <sup>(c)</sup>	(4)	5
Foreign exchange forwards	1	—	Cost of sales	—	—

<sup>(a)</sup> The earnings impact of our hedging instruments substantially offsets the earnings impact of the related hedged items since ineffectiveness is less than \$1 million.

<sup>(b)</sup> U. S. Steel elected hedge accounting prospectively for iron ore pellet sales swaps on January 1, 2019.

<sup>(c)</sup> Costs for commodity purchase swaps are recognized in cost of sales as products are sold.

The table below summarizes the impact of derivative activity where hedge accounting has not been elected on our Consolidated Statement of Operations for the three months ended March 31, 2019 and 2018:

(In millions)	Consolidated Statement of Operations Location	Amount of Gain (Loss) Recognized in Income	
		March 31, 2019	March 31, 2018
Sales swaps <sup>(a)</sup>	Net sales	\$ —	\$ (1)
Commodity purchase swaps	Cost of sales	—	1
Foreign exchange forwards	Other financial costs	9	(6)

<sup>(a)</sup> U. S. Steel elected hedge accounting prospectively for iron ore pellet sales swaps on January 1, 2019.

At current contract values, \$3 million currently in AOCI as of March 31, 2019 will be recognized as a decrease in cost of sales over the next year as related hedged items are recognized in earnings. The maximum derivative contract duration for commodity purchase swaps is 32 months and the maximum duration for foreign exchange forwards is 20 months. There are no outstanding contracts for sales swaps.

## 16. Debt

(In millions)	Interest Rates %	Maturity	March 31, 2019	December 31, 2018
2037 Senior Notes	6.650	2037	\$ 350	\$ 350
2026 Senior Notes	6.250	2026	650	650
2025 Senior Notes	6.875	2025	750	750
Environmental Revenue Bonds	5.750 - 6.875	2019 - 2042	400	400
Fairfield Caster Lease		2022	21	22
Other finance leases and all other obligations		2019 - 2025	21	6
Fourth Amended and Restated Credit Agreement	Variable	2023	—	—
USSK Credit Agreement	Variable	2023	225	229
USSK credit facilities	Variable	2021	—	—
Total Debt			2,417	2,407
Less unamortized discount and debt issuance costs			25	26
Less short-term debt and long-term debt due within one year			66	65
Long-term debt			\$ 2,326	\$ 2,316

To the extent not otherwise discussed below, information concerning the senior notes and other listed obligations can be found in Note 17 of the audited financial statements in the United States Steel Corporation Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

### Fourth Amended and Restated Credit Agreement

As of March 31, 2019, there were no amounts drawn under the \$1.5 billion Credit Facility Agreement. U. S. Steel must maintain a fixed charge coverage ratio of at least 1.00 to 1.00 for the most recent four consecutive quarters when availability under the Credit Facility Agreement is less than the greater of 10 percent of the total aggregate commitments and \$150 million. Based on the most recent four quarters as of March 31, 2019, we would have met this covenant. If we are unable to meet this covenant in future periods, the amount available to the Company under this facility would be reduced by \$150 million.

The Credit Facility Agreement provides for borrowings at interest rates based on defined, short-term market rates plus a spread based on availability and includes other customary terms and conditions including restrictions on our ability to create certain liens and to consolidate, merge or transfer all, or substantially all, of our assets. The Credit Facility Agreement expires in February 2023. Maturity may be accelerated 91 days prior to the stated maturity of any outstanding senior debt if excess cash and credit facility availability do not meet the liquidity conditions set forth in the Credit Facility Agreement. Borrowings are secured by liens on certain North American inventory and trade accounts receivable.

#### **U. S. Steel Košice (USSK) credit facilities**

At March 31, 2019, USSK had borrowings of €200 million (approximately \$225 million) under its €460 million (approximately \$517 million) unsecured revolving credit facility. The USSK Credit Agreement contains certain USSK financial covenants, including a maximum net debt to EBITDA ratio and a minimum stockholders' equity to assets ratio. The covenants are measured semi-annually for the period covering the last twelve calendar months and calculated as set forth in the USSK Credit Agreement. If USSK does not comply with the USSK Credit Agreement financial covenants, it may not draw on the facility until the next measurement date, outstanding borrowings may be accelerated, or the margin on outstanding borrowings may be increased. At March 31, 2019, USSK had availability of €260 million (approximately \$292 million) under the USSK Credit Agreement.

At March 31, 2019, USSK had no borrowings under its €20 million and €10 million unsecured credit facilities (collectively, approximately \$34 million) and the availability was approximately \$33 million due to approximately \$1 million of customs and other guarantees outstanding.

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

#### **Change in control event**

If there is a change in control of U. S. Steel, the following may occur: (a) debt obligations totaling \$1,975 million as of March 31, 2019 may be declared due and payable; (b) the Credit Facility Agreement and the USSK credit facilities may be terminated and any amounts outstanding declared due and payable; and (c) U. S. Steel may be required to either purchase the leased Fairfield Works slab caster for \$21 million or provide a letter of credit to secure the remaining obligation.

### **17. Asset Retirement Obligations**

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

<b>(In millions)</b>	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Balance at beginning of year	\$ 60	\$ 69
Obligations settled	(1)	(12)
Accretion expense	—	3
Balance at end of period	\$ 59	\$ 60

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

### **18. Fair Value of Financial Instruments**

The carrying value of cash and cash equivalents, current accounts and notes receivable, accounts payable, bank checks outstanding, and accrued interest included in the Consolidated Balance Sheet approximate fair value. See Note 15 for disclosure of U. S. Steel's derivative instruments, which are accounted for at fair value on a recurring basis.

The following table summarizes U. S. Steel's financial liabilities that were not carried at fair value at March 31, 2019 and December 31, 2018.

(In millions)	March 31, 2019		December 31, 2018	
	Fair Value	Carrying Amount	Fair Value	Carrying Amount
<b>Financial liabilities:</b>				
Long-term debt <sup>(a)</sup>	\$ 2,211	\$ 2,295	\$ 2,182	\$ 2,353

(a) Excludes finance lease obligations.

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

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

Fair value of the financial liabilities disclosed herein is not necessarily representative of the amount that could be realized or settled, nor does the fair value amount consider the tax consequences of realization or settlement.

Financial guarantees are U. S. Steel's only unrecognized financial instrument. For details relating to financial guarantees see Note 22.

## 19. Statement of Changes in Stockholders' Equity

The following table reflects the first three months of 2019 and 2018 reconciliation of the carrying amount of total equity, equity attributable to U. S. Steel and equity attributable to noncontrolling interests:

Three Months Ended March 31, 2019 (In millions)	Total	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Common Stock	Treasury Stock	Paid-in Capital	Non- Controlling Interest
Balance at beginning of year	\$ 4,203	\$ 1,212	\$ (1,026)	\$ 177	\$ (78)	\$ 3,917	\$ 1
Comprehensive income (loss):							
Net earnings	54	54					
Other comprehensive income (loss), net of tax:							
Pension and other benefit adjustments	32		32				
Currency translation adjustment	(17)		(17)				
Derivative financial instruments	15		15				
Employee stock plans	(40)			1	(48)	7	
Dividends paid on common stock	(9)	(9)					
Cumulative effect upon adoption of lease accounting standard	(2)	(2)					
Balance at March 31, 2019	\$ 4,236	\$ 1,255	\$ (996)	\$ 178	\$ (126)	\$ 3,924	\$ 1

Three Months Ended March 31, 2018 (In millions)	Total	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Common Stock	Treasury Stock	Paid-in Capital	Non- Controlling Interest
Balance at beginning of year	\$ 3,321	\$ 133	\$ (845)	\$ 176	\$ (76)	\$ 3,932	\$ 1
Comprehensive income (loss):							
Net earnings	18	18					
Other comprehensive income (loss), net of tax:							
Pension and other benefit adjustments	46		46				
Currency translation adjustment	40		40				
Derivative financial instruments	(16)		(16)				
Employee stock plans	39			1	75	(37)	
Dividends paid on common stock	(9)	(9)					
Balance at March 31, 2018	\$ 3,439	\$ 142	\$ (775)	\$ 177	\$ (1)	\$ 3,895	\$ 1

## 20. Reclassifications from Accumulated Other Comprehensive Income (AOCI)

(In millions)	Pension and Other Benefit Items	Foreign Currency Items	Unrealized Gain (Loss) on Derivatives	Total
Balance at December 31, 2018	\$ (1,416)	\$ 403	\$ (13)	\$ (1,026)
Other comprehensive income before reclassifications	63	(17)	25	71
Amounts reclassified from AOCI <sup>(a)</sup>	(31)	—	(10)	(41)
Net current-period other comprehensive income	32	(17)	15	30
Balance at March 31, 2019	\$ (1,384)	\$ 386	\$ 2	\$ (996)
Balance at December 31, 2017	\$ (1,309)	\$ 463	\$ 1	\$ (845)
Other comprehensive income before reclassifications	92	40	(13)	119
Amounts reclassified from AOCI <sup>(a)</sup>	(46)	—	(3)	(49)
Net current-period other comprehensive income	46	40	(16)	70
Balance at March 31, 2018	\$ (1,263)	\$ 503	\$ (15)	\$ (775)

(a) See table below for further details.

(In millions)	Details about AOCI components	Amount reclassified from AOCI	
		Three Months Ended March 31,	
		2019	2018
	Amortization of pension and other benefit items		
	Prior service costs <sup>(a)</sup>	\$ (7)	\$ (7)
	Actuarial losses <sup>(a)</sup>	(34)	(39)
	Total pensions and other benefits items	(41)	(46)
	Derivative reclassifications to Consolidated Statements of Operations	(13)	(3)
	Total before tax	(54)	(49)
	Tax benefit <sup>(b)</sup>	13	—
	Net of tax	\$ (41)	\$ (49)

(a) These AOCI components are included in the computation of net periodic benefit cost (see Note 10 for additional details).

(b) Amounts in 2018 do not reflect a tax benefit as a result of a full valuation allowance on our domestic deferred tax assets.

## 21. Transactions with Related Parties

Net sales to related parties and receivables from related parties primarily reflect sales of raw materials and steel products to equity investees. Generally, transactions are conducted under long-term contractual arrangements. Related party sales and service transactions were \$375 million and \$328 million for the three months ended March 31, 2019 and 2018, respectively.

Purchases from related parties for outside processing services provided by equity investees amounted to \$9 million and \$7 million for the three months ended March 31, 2019 and 2018, respectively. Purchases of iron ore pellets from related parties amounted to \$20 million and \$17 million for the three months ended March 31, 2019 and 2018 respectively.

Accounts payable to related parties include balances due to PRO-TEC Coating Company, LLC (PRO-TEC) of \$115 million and \$80 million at March 31, 2019 and December 31, 2018, respectively for invoicing and receivables collection services provided by U. S. Steel on PRO-TEC's behalf. U. S. Steel, as PRO-TEC's exclusive sales agent, is responsible for credit risk related to those receivables. U. S. Steel also provides PRO-

TEC marketing, selling and customer service functions. Payables to other related parties totaled \$4 million and \$1 million at March 31, 2019 and December 31, 2018, respectively.

## 22. Contingencies and Commitments

U. S. Steel is the subject of, or party to, a number of pending or threatened legal actions, contingencies and commitments involving a variety of matters, including laws and regulations relating to the environment. Certain of these matters are discussed below. The ultimate resolution of these contingencies could, individually or in the aggregate, be material to the Consolidated Financial Statements. However, management believes that U. S. Steel will remain a viable and competitive enterprise even though it is possible that these contingencies could be resolved unfavorably.

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

**Asbestos matters** – As of March 31, 2019, U. S. Steel was a defendant in approximately 745 active cases involving approximately 2,315 plaintiffs. The vast majority of these cases involve multiple defendants. At December 31, 2018, U. S. Steel was a defendant in approximately 755 cases involving approximately 2,320 plaintiffs. About 1,540, or approximately 67 percent, of these plaintiff claims are currently pending in jurisdictions which permit filings with massive numbers of plaintiffs. Based upon U. S. Steel's experience in such cases, it believes that the actual number of plaintiffs who ultimately assert claims against U. S. Steel will likely be a small fraction of the total number of plaintiffs.

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

Period ended	Opening Number of Claims	Claims Dismissed, Settled and Resolved <sup>(a)</sup>	New Claims	Closing Number of Claims
December 31, 2016	3,315	225	250	3,340
December 31, 2017	3,340	275	250	3,315
December 31, 2018	3,315	1,285	290	2,320
March 31, 2019	2,320	75	70	2,315

<sup>(a)</sup> The period ending December 31, 2018 includes approximately 1,000 dismissed cases previously pending in the State of Texas.

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

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

Further, U. S. Steel does not believe that an accrual for unasserted claims is required. At any given reporting date, it is probable that there are unasserted claims that will be filed against the Company in the future. In 2018, the Company engaged an outside valuation consultant to assist in assessing its ability to estimate an accrual for unasserted claims. This assessment was based on the Company's settlement experience, including recent claims trends. The analysis focused on settlements made over the last several years as these claims are likely to best represent future claim characteristics. After review by the valuation consultant and U. S. Steel management, it was determined that the Company could not estimate an accrual for unasserted claims.

Despite these uncertainties, management believes that the ultimate resolution of these matters will not have a material adverse effect on U. S. Steel's financial condition.



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

(In millions)	Three Months Ended March 31, 2019	
Beginning of period	\$	187
Accruals for environmental remediation deemed probable and reasonably estimable		1
Obligations settled		(4)
End of period	\$	184

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

(In millions)	March 31, 2019		December 31, 2018	
Accounts payable	\$	37	\$	37
Deferred credits and other noncurrent liabilities		147		150
Total	\$	184	\$	187

Expenses related to remediation are recorded in cost of sales and were immaterial for both three month periods ended March 31, 2019 and March 31, 2018. It is not presently possible to estimate the ultimate amount of all remediation costs that might be incurred or the penalties that may be imposed. Due to uncertainties inherent in remediation projects and the associated liabilities, it is reasonably possible that total remediation costs for active matters may exceed the accrued liabilities by as much as 15 to 25 percent.

Remediation Projects

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

- (1) *Projects with Ongoing Study and Scope Development* - Projects which are still in the development phase. For these projects, the extent of remediation that may be required is not yet known, the remediation methods and plans are not yet developed, and/or cost estimates cannot be determined. Therefore, significant costs, in addition to the accrued liabilities for these projects, are reasonably possible. There are five environmental remediation projects where additional costs for completion are not currently estimable, but could be material. These projects are at Fairfield Works, Lorain Tubular, USS-POSCO Industries (UPI), the Fairless Plant and the former steelmaking plant at Joliet, Illinois. As of March 31, 2019, accrued liabilities for these projects totaled \$1 million for the costs of studies, investigations, interim measures, design and/or remediation. It is reasonably possible that additional liabilities associated with future requirements regarding studies, investigations, design and remediation for these projects could be as much as \$25 million to \$40 million.
- (2) *Significant Projects with Defined Scope* - Projects with significant accrued liabilities with a defined scope. As of March 31, 2019, there are four significant projects with defined scope greater than or equal to \$5 million each, with a total accrued liability of \$142 million. These projects are Gary Resource Conservation and Recovery Act (RCRA) (accrued liability of \$25 million), the former Geneva facility (accrued liability of \$60 million), the Cherryvale zinc site (accrued liability of \$11 million) and the former Duluth facility St. Louis River Estuary (accrued liability of \$46 million).
- (3) *Other Projects with a Defined Scope* - Projects with relatively small accrued liabilities for which we believe that, while additional costs are possible, they are not likely to be significant, and also include those projects for which we do not yet possess sufficient information to estimate potential costs to U. S. Steel. There are two other environmental remediation projects which each had an accrued liability of between \$1 million and \$5 million. The total accrued liability for these projects at March 31, 2019 was \$4 million. These projects have progressed through a significant portion of the design phase and material additional costs are not expected.

The remaining environmental remediation projects each have an accrued liability of less than \$1 million each. The total accrued liability for these projects at March 31, 2019 was approximately \$4 million. We do not foresee material additional liabilities for any of these sites.

**Post-Closure Costs** – Accrued liabilities for post-closure site monitoring and other costs at various closed landfills totaled \$22 million at March 31, 2019 and were based on known scopes of work.

**Administrative and Legal Costs** – As of March 31, 2019, U. S. Steel had an accrued liability of \$10 million for administrative and legal costs related to environmental remediation projects. These accrued liabilities were based on projected administrative and legal costs for the next three years and do not change significantly from year to year.

**Capital Expenditures** – For a number of years, U. S. Steel has made substantial capital expenditures to comply with various regulations, laws and other requirements relating to the environment. In the first three months of 2019 and 2018, such capital expenditures totaled \$16 million and \$13 million, respectively. U. S. Steel anticipates making additional such expenditures in the future, which may be material; however, the exact amounts and timing of such expenditures are uncertain because of the continuing evolution of specific regulatory requirements.

**EU Environmental Requirements** - Under the Emission Scheme (ETS), USSK's final allocation of allowances for the Phase III period, which covers the years 2013 through 2020 is 48 million allowances. We estimate a shortfall of approximately 15 million allowances for the Phase III period. Based on projected total production levels during Phase III, we started to purchase allowances in the third quarter of 2017 to meet the annual compliance submission in the future. As of March 31, 2019, we have purchased 12 million European Union Allowances (EUA) totaling €128 million (approximately \$144 million). However, due to a number of variables such as the future market value of allowances, future production levels and future emissions intensity levels, we cannot reliably estimate the full cost of complying with the ETS regulations at this time.

The EU's Industry Emission Directive requires implementation of EU determined best available techniques (BAT) for Iron and Steel production to reduce environmental impacts as well as compliance with BAT associated emission levels. Our most recent broad estimate of future capital expenditures for projects to comply with or go beyond BAT requirements is €138 million (approximately \$155 million) over the 2017 to 2020 program period. These costs may be mitigated if USSK complies with certain financial covenants, which are assessed annually. USSK complied with these covenants as of March 31, 2019. If we are unable to meet these covenants in the future, USSK might be required to provide additional collateral (e.g. bank guarantee) to secure the full value of estimated expenditures. There could be increased operating costs associated with these projects, such as increased energy and maintenance costs. We are currently unable to reliably estimate what the increase in operating costs will be as many projects are in the development stage.

**Environmental indemnifications** – Throughout its history, U. S. Steel has sold numerous properties and businesses and many of these sales included indemnifications and cost sharing agreements related to the assets that were divested. These indemnifications and cost sharing agreements have included provisions related to the condition of the property, the approved use, certain representations and warranties, matters of title, and environmental matters. While most of these provisions have not specifically dealt with environmental issues, there have been transactions in which U. S. Steel indemnified the buyer for clean-up or remediation costs relating to the business sold or its then existing conditions or past practices related to non-compliance with environmental laws. Most of the recent indemnification and cost sharing agreements are of a limited nature, only applying to non-compliance with past and/or current laws. Some indemnifications and cost sharing agreements only run for a specified period of time after the transactions close and others run indefinitely. In addition, current owners or operators of property formerly owned or operated by U. S. Steel may have common law claims and cost recovery and contribution rights against U. S. Steel related to environmental matters. The amount of potential environmental liability associated with these transactions and properties is not estimable due to the nature and extent of the unknown conditions related to the properties divested and deconsolidated. Aside from the environmental liabilities already recorded as a result of these transactions due to specific environmental remediation activities and cases (included in the \$184 million of accrued liabilities for remediation discussed above), there are no other known environmental liabilities related to these transactions.

**Guarantees** – The maximum guarantees of the indebtedness of unconsolidated entities of U. S. Steel totaled \$4 million at March 31, 2019.

**Other contingencies** – Under certain operating lease agreements covering various equipment, U. S. Steel has the option to renew the lease or to purchase the equipment at the end of the lease term. If U. S. Steel does

not exercise the purchase option by the end of the lease term, U. S. Steel guarantees a residual value of the equipment as determined at the lease inception date (totaling approximately \$17 million at March 31, 2019). No liability has been recorded for these guarantees as the potential loss is not probable.

**Insurance** – U. S. Steel maintains insurance for certain property damage, equipment, business interruption and general liability exposures; however, insurance is applicable only after certain deductibles and retainages. U. S. Steel is self-insured for certain other exposures including workers' compensation (where permitted by law) and auto liability. Liabilities are recorded for workers' compensation and personal injury obligations. Other costs resulting from losses under deductible or retainage amounts or not otherwise covered by insurance are charged against income upon occurrence.

U. S. Steel uses surety bonds, trusts and letters of credit to provide whole or partial financial assurance for certain obligations such as workers' compensation. The total amount of active surety bonds, trusts and letters of credit being used for financial assurance purposes was approximately \$180 million as of March 31, 2019, which reflects U. S. Steel's maximum exposure under these financial guarantees, but not its total exposure for the underlying obligations. A significant portion of our trust arrangements and letters of credit are collateralized by our Credit Facility Agreement. The remaining trust arrangements and letters of credit are collateralized by restricted cash. Restricted cash, which is recorded in other current and noncurrent assets, totaled \$33 million and \$40 million at March 31, 2019 and December 31, 2018, respectively.

**Capital Commitments** – At March 31, 2019, U. S. Steel's contractual commitments to acquire property, plant and equipment totaled \$690 million.

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

Remainder of 2019	2020	2021	2022	2023	Later Years	Total
\$554	\$605	\$389	\$322	\$312	\$730	\$2,912

The majority of U. S. Steel's unconditional purchase obligations relates to the supply of industrial gases, and certain energy and utility services with terms ranging from two to 14 years. Unconditional purchase obligations also include coke and steam purchase commitments related to a coke supply agreement with Gateway Energy & Coke Company LLC (Gateway) under which Gateway is obligated to supply a minimum volume of the expected targeted annual production of the heat recovery coke plant, and U. S. Steel is obligated to purchase the coke from Gateway at the contract price. As of March 31, 2019, if U. S. Steel were to terminate the agreement, it may be obligated to pay in excess of \$137 million.

Total payments relating to unconditional purchase obligations were \$158 million and \$161 million for the three months ended March 31, 2019 and 2018, respectively.

### 23. Significant Equity Investments

Summarized unaudited income statement information for our significant equity investments for the three months ended March 31, 2019 and 2018 is reported below (amounts represent 100% of investee financial information):

(In millions)	2019	2018
Net sales	\$ 299	\$ 261
Cost of sales	259	235
Operating income	28	15
Net earnings	25	12
Net earnings attributable to significant equity investments	25	12

U. S. Steel's portion of the equity in net earnings of the significant equity investments above was \$14 million and \$8 million for the three months ended March 31, 2019 and 2018, respectively, which is included in the earnings from investees line on the Consolidated Statement of Operations.

**24. Common Stock Repurchase Program**

In November 2018, U. S. Steel announced a two year common stock repurchase program that allows for the repurchase of up to \$300 million of its outstanding common stock from time to time in the open market or privately negotiated transactions at the discretion of management. During the quarter ended March 31, 2019, U. S. Steel repurchased 2,115,875 shares of common stock for approximately \$42 million. As of March 31, 2019, there is approximately \$183 million remaining under the share repurchase authorization.

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

RESULTS OF OPERATIONS

Net sales by segment for the three months ended March 31, 2019 and 2018 are set forth in the following table:

(Dollars in millions, excluding intersegment sales)	Three Months Ended March 31,		% Change
	2019	2018	
Flat-Rolled Products (Flat-Rolled)	\$ 2,405	\$ 2,046	18 %
U. S. Steel Europe (USSE)	737	823	(10)%
Tubular Products (Tubular)	343	266	29 %
Total sales from reportable segments	3,485	3,135	11 %
Other Businesses	14	14	— %
Net sales	\$ 3,499	\$ 3,149	11 %

Management's analysis of the **percentage change in net sales** for U. S. Steel's reportable business segments for the three months ended March 31, 2019 versus the three months ended March 31, 2018 is set forth in the following table:

Three Months Ended March 31, 2019 versus Three Months Ended March 31, 2018

	Steel Products <sup>(a)</sup>					Coke & Other <sup>(c)</sup>	Net Change
	Volume	Price	Mix	FX <sup>(b)</sup>			
Flat-Rolled	7 %	11%	(2)%	— %	2%	18 %	
USSE	(5)%	—%	2 %	(7)%	—%	(10)%	
Tubular	15 %	13%	1 %	— %	—%	29 %	

<sup>(a)</sup> Excludes intersegment sales

<sup>(b)</sup> Foreign currency translation effects

<sup>(c)</sup> Includes sales of coke and scrap inventory

Net sales were \$3,499 million in the three months ended March 31, 2019, compared with \$3,149 million in the same period last year. The increase in sales for the Flat-Rolled segment primarily reflects higher average realized prices (increase of \$58 per net ton), notably for hot-rolled products, and increased shipments (increase of 191 thousand net tons), partially offset by an unfavorable impact on product mix as a result of increased sales of slabs and hot-rolled products. The decrease in sales for the USSE segment was primarily due to the weakening of the euro versus the U.S. dollar in the three months ended March 31, 2019 compared to the same period last year and decreased shipments (decrease of 63 thousand net tons). The increase in sales for the Tubular segment primarily reflects increased shipments (increase of 28 thousand net tons) as well as higher average realized prices (increase of \$162 per net ton) as a result of improved market conditions.

**Pension and other benefits costs**

Pension and other benefit costs (other than service cost) are reflected within net interest and other financial costs and the service cost component is reflected within cost of sales in the Consolidated Statement of Operations.

Defined benefit and multiemployer pension plan costs included in cost of goods sold totaled \$29 million and \$27 million in the three months ended March 31, 2019 and March 31, 2018, respectively.

Costs related to defined contribution plans totaled \$12 million and \$10 million for the three months ended March 31, 2019 and 2018, respectively.

Other benefit expense included in cost of sales totaled \$3 million and \$4 million in the three months ended March 31, 2019 and 2018, respectively.

**Selling, general and administrative expenses**

Selling, general and administrative expenses were \$78 million in both of the three months ended March 31, 2019 and March 31, 2018.

**Strategic projects and operating configuration update**

On May 2, 2019, U. S. Steel announced that it will invest approximately \$1.2 billion through 2022 to construct a new sustainable endless casting and rolling facility at its Edgar Thomson Plant in Braddock, Pennsylvania, and a cogeneration facility at its Clairton Plant in Clairton, Pennsylvania, both part of the Company's Mon Valley Works. The cutting-edge endless casting and rolling technology combines thin slab casting and hot rolled band production into one continuous process and will make Mon Valley Works the first facility of this type in the United States, and one of only a handful in the world.

The installation of endless casting and rolling technology will give U. S. Steel a world-class asset that will improve the quality and attributes of its downstream products for customers in appliance, construction and industrial markets. With this investment, Mon Valley Works will become the principal source of substrate for the production of the Company's industry-leading XG3™ Advanced High Strength Steel (AHSS) that assists automotive customers in meeting fuel efficiency standards. The cogeneration facility, equipped with state-of-the-art emissions control systems at the Company's Clairton Plant, will convert a portion of the coke oven gas generated at its Clairton Plant into electricity to power the steelmaking and finishing facilities throughout U. S. Steel's Mon Valley operations.

This project, in addition to producing sustainable AHSS, will improve environmental performance, energy conservation and reduce our carbon footprint associated with Mon Valley Works. First coil production is expected in 2022, contingent upon permitting and construction.

In February 2019, U. S. Steel announced that it will restart construction of the electric arc furnace (EAF) steelmaking facility at its Tubular Operations in Fairfield, Alabama, which is expected to improve the Company's cost structure and position our Tubular business to win over the long-term. The EAF is expected to begin producing steel in the second half of 2020.

In February 2019, U. S. Steel announced that it will restart the No. 1 Electric-Weld Pipe Mill at its Lone Star Tubular Operations, which will enable the Company to support increased demand for high-quality electric-welded pipe produced in the United States. The restart is expected to occur in the third quarter of 2019.

In June and October 2018, U. S. Steel restarted the "B" blast furnace and steelmaking facilities and the "A" blast furnace, respectively, at its Granite City Works facility. As a result of the restarts, the Company is better able to serve our customers during planned asset revitalization efforts and support increased demand for steel produced in the United States as a result of the Section 232 investigation into steel imports.

U. S. Steel will continue to evaluate potential strategic and organizational opportunities, which may include the acquisition, divestiture or consolidation of assets. Given the cyclical nature of our industry, we are focused on strategically maintaining and spending cash (including capital investments under our asset revitalization program), in order to invest in areas consistent with our long-term strategy, such as sustainable steel technologies, and are considering various possibilities, including exiting lines of business and the sale of certain assets, that we believe would ultimately result in maintaining a stronger balance sheet and greater stockholder value. The Company will pursue opportunities based on its long-term strategy, and what the Board of Directors determines to be in the best interests of the Company's stockholders at the time.

Better operating performance in our Flat-Rolled segment, coupled with relatively stable market conditions during 2018 and 2019, have resulted in improved segment results in the recent quarter. As we continue with the implementation of our asset revitalization program, described below, and increase investment in our facilities, we expect the sustainable improvements in safety, quality, delivery and costs we are targeting to position us to succeed over the long term, and support future growth initiatives.

**Asset Revitalization**

In 2017, we launched our asset revitalization program, a multi-year, comprehensive \$2 billion investment in our most critical assets within our Flat-rolled segment. The program is composed of many projects designed to continuously improve safety, quality, delivery and cost performance. We expect capital spending for the entire program to be

approximately \$1.5 billion. As we revitalize our assets, we are increasing profitability, productivity and operational stability, and reducing volatility. This program is designed to prioritize investment in the areas with the highest returns.

Importantly, while this is a large program, most projects are not complex, making projects 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, as evident in our 2018 and most recent quarterly performance. 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 and involves investments beyond routine capital and maintenance spending. These projects are expected 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. 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.

**Earnings (loss) before interest and income taxes** by segment for the three months ended March 31, 2019 and 2018 is set forth in the following table:

(Dollars in millions)	Three Months Ended March 31,		% Change
	2019	2018	
Flat-Rolled	\$ 95	\$ 33	188 %
USSE	29	110	(74)%
Tubular	10	(27)	137 %
Total earnings from reportable segments	134	116	16 %
Other Businesses	8	11	(27)%
Segment earnings before interest and income taxes	142	127	12 %
Items not allocated to segments:			
Clairton coke making facility fire	(31)	—	
Granite City Works adjustment to temporary idling charges	—	10	
Total earnings before interest and income taxes	\$ 111	\$ 137	(19)%

**Segment results for Flat-Rolled**

	Three Months Ended March 31,		% Change
	2019	2018	
Earnings before interest and taxes (\$ millions)	\$ 95	\$ 33	188 %
Gross margin	10%	9%	1%
Raw steel production (mnt)	3,075	2,784	10%
Capability utilization	73%	66%	7%
Steel shipments (mnt)	2,725	2,534	8%
Average realized steel price (\$/ton)	\$ 798	\$ 740	8%

The increase in Flat-Rolled results for the three months ended March 31, 2019 compared to the same period in 2018 resulted from higher average realized prices (approximately \$185 million) and increased shipments (approximately \$35 million) as a result of improved market conditions. These changes were partially offset by higher raw material costs (approximately \$70 million), increased spending on maintenance and outage costs (approximately \$45 million), higher energy costs (approximately \$20 million) and higher other costs, including increased variable compensation (approximately \$25 million).

Gross margin for the three months ended March 31, 2019 compared to the same period in 2018 increased primarily as a result of higher average realized prices due to improved contract and spot market prices.

**Segment results for USSE**

	Three Months Ended March 31,		% Change
	2019	2018	
Earnings before interest and taxes (\$ millions)	\$ 29	\$ 110	(74)%
Gross margin	9%	17%	(8)%
Raw steel production (mnt)	1,159	1,292	(10)%
Capability utilization	94%	105%	(11)%
Steel shipments (mnt)	1,064	1,127	(6)%
Average realized steel price (\$/ton)	\$ 670	\$ 707	(5)%
Average realized steel price (€/ton)	€ 590	€ 575	3%

The decrease in USSE results for the three months ended March 31, 2019 compared to the same period in 2018 was primarily due to the weakening of the euro versus the U.S. dollar in the three months ended March 31, 2019 compared to the same period last year (approximately \$30 million), decreased shipments (approximately \$5 million), higher raw material costs (approximately \$15 million), increased maintenance and outage spending (approximately \$10 million), higher energy costs (approximately \$10 million) and increased costs for carbon dioxide (CO<sub>2</sub>) emission allowances (approximately \$10 million).

Gross margin for the three months ended March 31, 2019 compared to the same period in 2018 decreased primarily due to higher raw material and energy prices and lower average realized prices.

**Segment results for Tubular**

	Three Months Ended March 31,		% Change
	2019	2018	
Earnings (loss) before interest and taxes (\$ millions)	\$ 10	\$ (27)	137%
Gross margin	7%	(4)%	11%
Steel shipments (mnt)	207	179	16%
Average realized steel price (\$/ton)	\$ 1,549	\$ 1,387	12%

The increase in Tubular results for the three months ended March 31, 2019 as compared to the same period in 2018 was primarily due to higher average realized prices (approximately \$30 million) and increased shipments (approximately \$10 million) as a result of improved market conditions.

Gross margin for the three months ended March 31, 2019 compared to the same period in 2018 increased primarily due to higher average realized prices as a result of improved market conditions.

**Results for Other Businesses**

Other Businesses had earnings of \$8 million in the three months ended March 31, 2019, compared to earnings of \$11 million in the three months ended March 31, 2018.

**Items not allocated to segments**

We incurred \$31 million of costs associated with the December 2018 **Clairton coke making facility fire** (see Environmental Matters, Litigation and Contingencies in the Liquidity and Capital Resources section for more details).

We recorded a \$10 million favorable adjustment in the three months ended March 31, 2018 related to **Granite City Works temporary idling charges** as a result of the decision to restart the "B" blast furnace and steelmaking facilities at this facility in 2018.



**Net interest and other financial costs**

(Dollars in millions)	Three Months Ended March 31,		% Change
	2019	2018	
Interest expense	\$ 34	\$ 50	(32)%
Interest income	(5)	(5)	— %
Loss on debt extinguishment	—	46	(100)%
Other financial (income) costs	(3)	10	(130)%
Net periodic benefit cost (other than service cost)	23	17	35 %
Total net interest and other financial costs	\$ 49	\$ 118	(58)%

The decrease in net interest and other financial costs in the three months ended March 31, 2019 as compared to the same period last year is primarily due to the loss on debt extinguishment in the three months ended March 31, 2018 as described below, reduced interest expense due to our improved debt profile and foreign exchange gains.

During the three months ended March 31, 2018, U. S. Steel issued \$650 million aggregate principal amount of 2026 Senior Notes and repurchased through a tender offer approximately \$499 million of its 2021 Senior Secured Notes for an aggregate cash outflow of approximately \$538 million, which included \$39 million in premiums. The loss on debt extinguishment line in the table above includes \$39 million in premiums and \$7 million in unamortized debt issuance costs which were written off in connection with the extinguishment of debt. For further information, see Note 16 to the Consolidated Financial Statements.

The net periodic benefit cost (other than service cost) components of pension and other benefit costs are reflected in the table above, and increased in the three months ended March 31, 2019 as compared to the same period last year primarily due to a lower expected return on asset assumption for pension assets, a lower asset return than expected in 2018 partially offset by the natural maturation of the plan and increased discount rates.

Total net periodic pension cost, including service cost and multiemployer plans, is expected to total approximately \$164 million in 2019. Total other benefits costs, including service cost, in 2019 are expected to total approximately \$56 million. The pension cost projection includes approximately \$72 million of contributions to the Steelworkers Pension Trust.

The **income tax provision** was \$8 million in the three months ended March 31, 2019 compared to a provision of \$1 million in the three months ended March 31, 2018. The tax provision in both periods reflects a benefit for percentage depletion in excess of cost depletion for iron ore that we produce and consume or sell. In 2018, the tax provision also reflects a tax benefit for the release of a portion of the valuation allowance due to pretax income.

For further information on income taxes see Note 13 to the Consolidated Financial Statements.

Net earnings attributable to United States Steel Corporation were \$54 million in the three months ended March 31, 2019, compared to net earnings of \$18 million in the three months ended March 31, 2018. The changes primarily reflect the factors discussed above.

## BALANCE SHEET

**Accounts receivable** increased by \$70 million from year-end 2018 primarily due to increased receivable balances under our invoicing and receivables collection services arrangement provided by U. S. Steel on PRO-TEC's behalf.

**Inventories** increased by \$41 million from year-end 2018 primarily as a result of higher raw materials prices in our Flat-rolled segment.

**Operating lease assets** increased by \$234 million from year-end 2018 as a result of the adoption of the new accounting standard for leases (see Note 8 for further details).

**Property, plant and equipment, net** increased by \$124 million due to the level of capital expenditures exceeding depreciation expense.

**Payroll and benefits payable** decreased by \$107 million from year-end 2018 primarily due to profit-based incentive payments related to 2018 financial performance that were paid in March of 2019.

**Current operating lease liabilities** increased by \$53 million from year-end 2018 as a result of the adoption of the new accounting standard for leases (see Note 8 for further details).

**Non current portion of operating lease liabilities** increased by \$185 million from year-end 2018 as a result of the adoption of the new accounting standard for leases (see Note 8 for further details).

## CASH FLOW

**Net cash provided by operating activities** was \$29 million for the three months ended March 31, 2019 compared to net cash used in operating activities of \$(99) million in the same period last year. The increase in cash from operations is primarily due to stronger financial results, favorable changes in working capital and prior year federal income tax refunds.

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

Our key working capital components include accounts receivable and inventory. The accounts receivable and inventory turnover ratios for the three months and twelve months ended March 31, 2019 and 2018 are as follows:

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2019	2018	2019	2018
Accounts receivable turnover	2.1	2.1	8.8	8.5
Inventory turnover	1.5	1.6	6.4	6.3

The accounts receivable turnover and inventory turnover remained consistent for both the three month and twelve month periods ended March 31, 2019.

The last-in, first-out (LIFO) inventory method is the predominant method of inventory costing in the United States. At both March 31, 2019 and March 31, 2018, the LIFO method accounted for 73 percent of total inventory values. In the U.S., management monitors inventory realizability by comparing the LIFO cost of inventory with the replacement cost of inventory. To the extent the replacement cost (i.e., market value) of inventory is lower than the LIFO cost of inventory, management will write the inventory down. As of March 31, 2019 and December 31, 2018 the replacement cost of the inventory was higher by approximately \$1,159 million and \$1,038 million, respectively. Additionally, based on the Company's latest internal forecasts and its inventory requirements, management does not believe there will be significant permanent LIFO liquidations that would impact earnings for the remainder of 2019.

Our cash conversion cycle for the first quarter of 2019 increased from the fourth quarter of 2018 as shown below:

Cash Conversion Cycle	2019		2018	
	\$ millions	Days	\$ millions	Days
Accounts receivable, net <sup>(a)</sup>	\$ 1,729	43	\$ 1,659	42
+ Inventories <sup>(b)</sup>	\$ 2,133	60	\$ 2,092	58
- Accounts Payable and Other Accrued Liabilities <sup>(c)</sup>	\$ 2,478	70	\$ 2,477	72
= Cash Conversion Cycle <sup>(d)</sup>		33		28

<sup>(a)</sup> Calculated as Average Accounts Receivable, net divided by total Net Sales multiplied by the number of days in the period.

<sup>(b)</sup> Calculated as Average Inventory divided by total Cost of Sales multiplied by the number of days in the period.

<sup>(c)</sup> 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 period.

<sup>(d)</sup> Calculated as Accounts Receivable Days plus Inventory Days less Accounts Payable Days.

The cash conversion cycle is a non-generally accepted accounting principles (non-GAAP) financial measure. 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.

**Capital expenditures** for the three months ended March 31, 2019, were \$302 million, compared with \$208 million in the same period in 2018. Flat-rolled capital expenditures were \$247 million and included spending for the Mon Valley No. 3 Blast Furnace outage, Gary Hot Strip Mill Upgrades, Minntac Electric Rope Shovel, Midwest Cold Mill Shape & Electrical Upgrade and various other infrastructure, environmental and strategic projects. Tubular capital expenditures of \$19 million primarily related to Offshore Operations threading line and swage extension, the Fairfield EAF project, as well as various other strategic capital projects. USSE capital expenditures of \$34 million consisted of spending for a pickle line upgrade, a Blast Furnace stove rebuild and preheating system, and various other infrastructure and environmental projects.

U. S. Steel's contractual commitments to acquire property, plant and equipment at March 31, 2019, totaled \$690 million.

Capital expenditures for 2019 are expected to total approximately \$1.3 billion and remain focused largely on strategic projects (including the Fairfield EAF project), infrastructure and environmental projects, as well as asset revitalization of our equipment to improve our operating reliability and efficiency, and product quality and cost by focusing on investments in our North American Flat-Rolled segment.

**Common stock repurchased** under our common stock repurchase program approved in 2018 totaled 2,115,875 shares and approximately \$42 million in the quarter ended March 31, 2019. See Note 24 to the Consolidated Financial Statements for further details.

**Issuance of long-term debt, net of financing costs**, totaled \$640 million in the three months ended March 31, 2018. During the three months ended March 31, 2018, U. S. Steel issued \$650 million aggregate principal amount of 2026 Senior Notes. U. S. Steel received net proceeds from the offering of approximately \$640 million after fees of approximately \$10 million related to underwriting and third party expenses.

**Repayment of long-term debt** totaled \$538 million in the three months ended March 31, 2018. During the three months ended March 31, 2018, U. S. Steel repurchased through a tender offer approximately \$499 million of its then outstanding \$780 million 2021 Senior Secured Notes and paid premiums of \$39 million for the tender.

## LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes U. S. Steel's liquidity as of March 31, 2019:

(Dollars in millions)

Cash and cash equivalents	\$	676
Amount available under \$1.5 Billion Credit Facility Agreement		1,500
Amount available under USSK credit facilities		325
Total estimated liquidity	\$	2,501

As of March 31, 2019, \$152 million of the total cash and cash equivalents was held by our foreign subsidiaries. Substantially all of the liquidity attributable to our foreign subsidiaries can be accessed without the imposition of income taxes as a result of the election effective December 31, 2013 to liquidate for U.S. income tax purposes a foreign subsidiary that holds most of our international operations.

As of March 31, 2019, there were no amounts drawn under the \$1.5 billion Credit Facility Agreement. U. S. Steel must maintain a fixed charge coverage ratio of at least 1.00 to 1.00 for the most recent four consecutive quarters when availability under the Credit Facility Agreement is less than the greater of 10 percent of the total aggregate commitments and \$150 million. Based on the four quarters as of March 31, 2019, we would have met this covenant. If we are unable to meet this covenant in future periods, the amount available to the Company under this facility would be reduced by \$150 million. The Credit Facility Agreement expires in February 2023.

At March 31, 2019, USSK had borrowings of €200 million (approximately \$225 million) under its €460 million (approximately \$517 million) unsecured revolving credit facility (the USSK Credit Agreement). The USSK Credit Agreement contains certain USSK financial covenants, including a maximum net debt to EBITDA ratio and a minimum stockholders' equity to assets ratio. At March 31, 2019, USSK had availability of €260 million (approximately \$292 million) under the USSK Credit Agreement. The USSK Credit Agreement expires in September 2023.

At March 31, 2019, USSK had no borrowings under its €20 million and €10 million unsecured credit facilities (collectively, approximately \$34 million) and the availability was approximately \$33 million due to approximately \$1 million of customs and other guarantees outstanding.

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

We use surety bonds, trusts and letters of credit to provide financial assurance for certain transactions and business activities. The use of some forms of financial assurance and cash collateral have a negative impact on liquidity. U. S. Steel has committed \$180 million of liquidity sources for financial assurance purposes as of March 31, 2019. Increases in certain of these commitments which use collateral are reflected within cash, cash equivalents and restricted cash on the Consolidated Statement of Cash Flows.

At March 31, 2019, in the event of a change in control of U. S. Steel, the following may occur: (a) debt obligations totaling \$1,975 million as of March 31, 2019 may be declared due and payable; (b) the Credit Facility Agreement and the USSK credit facilities may be terminated and any amounts outstanding declared due and payable; and (c) U. S. Steel may be required to either repurchase the leased Fairfield slab caster for \$21 million or provide a cash collateralized letter of credit to secure the remaining obligation.

The maximum guarantees of the indebtedness of unconsolidated entities of U. S. Steel totaled \$4 million at March 31, 2019. If any default related to the guaranteed indebtedness occurs, U. S. Steel has access to its interest in the assets of the investees to reduce its potential losses under the guarantees.

Our major cash requirements in 2019 are expected to be for capital expenditures, including asset revitalization, employee benefits and operating costs, which includes purchases of raw materials. We finished the first quarter of 2019 with \$676 million of cash and cash equivalents and \$2.5 billion of total liquidity. Available cash is left on deposit with financial institutions or invested in highly liquid securities with parties we believe to be creditworthy.

U. S. Steel management believes that U. S. Steel's liquidity will be adequate to satisfy our obligations for the foreseeable future, including obligations to complete currently authorized capital spending programs. Future requirements for U. S. Steel's business needs, including the funding of acquisitions and capital expenditures, scheduled debt maturities, repurchase of debt, share buyback, contributions to employee benefit plans, and any amounts that may ultimately be paid in connection with contingencies, are expected to be financed by a combination of internally generated funds (including asset sales), proceeds from the sale of stock, borrowings, refinancings and other external financing sources.

### **Environmental Matters, Litigation and Contingencies**

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

Our U.S. facilities are subject to environmental laws applicable in the U.S., including the Clean Air Act (CAA), the Clean Water Act (CWA), the Resource Conservation and Recovery Act (RCRA) and the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), as well as state and local laws and regulations.

U. S. Steel has incurred and will continue to incur substantial capital, operating, and maintenance and remediation expenditures as a result of environmental laws and regulations, related to release of hazardous materials, which in recent years have been mainly for process changes to meet CAA obligations and similar obligations in Europe.

#### Midwest Plant Incident

On April 11, 2017, there was a process waste water release at our Midwest Plant (Midwest) in Portage, Indiana that impacted a water outfall that discharges to Burns Waterway near Lake Michigan. U. S. Steel identified the source of the release and made the necessary repairs. We determined that all repairs were safely working as intended and, on April 14, 2017, resumed operations in a controlled, phased and highly monitored approach with extensive input from participating government agencies. The Company has since implemented substantial operational, process and notification improvements at Midwest. The Company has been presented with cost reimbursements, loss of use and penalty requests from the involved governmental agencies. In January of 2018, The Surfrider Foundation and the City of Chicago initiated suits in the Northern District of Indiana alleging CWA and Permit violations at Midwest. On April 2, 2018, the U.S. EPA and the State of Indiana initiated a separate action against the Company and lodged a Consent Decree negotiated between U. S. Steel and the relevant governmental agencies consisting of all material terms to resolve the CWA and NPDES violations at the Midwest Plant. A public comment period for the Consent Decree ensued. U. S. Steel, U.S. EPA and the State of Indiana continue the process of reviewing and addressing those comments. The suits that the Surfrider Foundation and the City of Chicago filed are currently stayed. The Surfrider Foundation and the City of Chicago also filed motions, which were granted, to intervene in the Consent Decree case. The citizens groups filed their Complaints-in-Intervention on December 27, 2018, and filed Amended Complaints-in-Intervention on January 17, 2019. U. S. Steel continues to work with United States Department of Justice, U.S. EPA, and Indiana Department of Environmental Management towards a finalized Consent Decree.

#### EU Environmental Requirements and Slovak Operations

Under the Emission Trading Scheme (ETS), USSK's final allocation of allowances for the Phase III period, which covers the years 2013 through 2020 is 48 million allowances. We estimate a shortfall of approximately 15 million allowances for the Phase III period. Based on projected future production levels, we started to purchase allowances in the third quarter of 2017 to meet the annual compliance submission in the future. As of March 31, 2019, we have purchased approximately 12 million European Union Allowances totaling €128 million (approximately \$144 million). However, due to a number of variables such as the future market value of allowances, future production levels and future emissions intensity levels, we cannot reliably estimate the full cost of complying with the ETS regulations at this time.

The EU's Industry Emission Directive requires implementation of EU determined best available techniques (BAT) for iron and steel production, to reduce environmental impacts as well as compliance with BAT associated emission levels. Our most recent broad estimate of future capital expenditures for projects that go beyond BAT requirements is up to €138 million (approximately \$155 million) over the 2017 to 2020 program period. These costs may be mitigated if USSK complies with certain financial covenants, which are assessed annually. USSK complied with these covenants as of December 31, 2018. If we are unable to meet these covenants in the future, USSK might be required to provide additional collateral (e.g. bank guarantee) to secure the full value of estimated expenditures. There could be increased

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

For further discussion of laws applicable in Slovakia and the EU and their impact on USSK, see Note 22 to the Consolidated Financial Statements, "Contingencies and Commitments - Environmental Matters, EU Environmental Requirements."

## **New and Emerging Environmental Regulations**

### United States and European Greenhouse Gas Emissions Regulations

Future compliance with CO<sub>2</sub> emission requirements may include substantial costs for emission allowances, restriction of production and higher prices for coking coal, natural gas and electricity generated by carbon based systems. Because we cannot predict what requirements ultimately will be imposed in the U.S. and Europe, it is difficult to estimate the likely impact on U. S. Steel, but it could be substantial. On March 28, 2017, President Trump signed Executive Order 13783 instructing the U.S. EPA to review the Clean Power Plan. On October 16, 2017, the U.S. EPA proposed to repeal the Clean Power Plan after reviewing the plan pursuant to President Trump's executive order. Any repeal and/or replacement of the Clean Power Plan is likely to be challenged by various proponents of the plan, such as environmental groups and certain states. Any impacts to our operations as a result of any future greenhouse gas regulations are not estimable at this time since the matter is unsettled. In any case, to the extent expenditures associated with any greenhouse gas regulation, as with all costs, are not ultimately reflected in the prices of U. S. Steel's products and services, operating results will be reduced.

There have been no material changes in U. S. Steel's exposure to European Greenhouse Gas Emissions regulations since December 31, 2018.

### United States - Air

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

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

The U.S. EPA is currently in the process of completing a Residual Risk and Technology Review of the Integrated Iron and Steel MACT regulations, Coke MACT regulations, and Taconite Iron Ore Processing MACT regulations as required by the CAA. The U.S. EPA is under a court order to complete the Residual Risk and Technology Review of the Integrated Iron and Steel regulations no later than March 13, 2020; and to complete the Residual Risk and Technology Review of the Taconite Iron Ore Processing Regulations by June 30, 2020. Because the U.S. EPA has not completed its review, any impacts related to the U.S. EPA's review of these standards cannot be estimated at this time.

On March 12, 2018, the New York State Department of Environmental Conservation (DEC) submitted a CAA Section 126 petition to the U.S. EPA. In the petition, the DEC asserts that stationary sources from the following nine states are interfering with attainment or maintenance of the 2008 and 2015 ozone National Ambient Air Quality Standards (NAAQS) in New York: Illinois, Indiana, Kentucky, Maryland, Michigan, Ohio, Pennsylvania, Virginia, and West Virginia. DEC is requesting the U.S. EPA to require sources of nitrogen oxides in the nine states to reduce such emissions. On May 4, 2018, citing Section 307(d)(10) of the CAA, the U.S. EPA issued a notice extending the deadline for the agency to respond to the petition until November 9, 2018. However, to date, U.S. EPA has not responded to the petition.

The CAA also requires the U.S. EPA to develop and implement NAAQS for criteria pollutants, which include, among others, particulate matter (PM) - consisting of PM<sub>10</sub> and PM<sub>2.5</sub>, lead, carbon monoxide, nitrogen dioxide, SO<sub>2</sub>, and ozone.

In June 2010, the U.S. EPA significantly lowered the primary NAAQS for SO<sub>2</sub> from 140 parts per billion (ppb) on a 24-hour basis to an hourly standard of 75 ppb. Subsequently, the U.S. EPA designated the areas in which Great Lakes Works and Mon Valley Works facilities are located as nonattainment with the 2010 standard for the SO<sub>2</sub> NAAQS. The non-attainment designation requires the region to implement operational and/or capital improvements to demonstrate attainment with the 2010 standard. U. S. Steel worked with the Allegheny County Health Department (ACHD) in developing a State Implementation Plan (SIP) for the Allegheny County portion of the Pennsylvania SIP that includes reductions of SO<sub>2</sub> and improved dispersion from U. S. Steel sources. On November 19, 2018, U.S. EPA published a proposed rule to approve the SIP. Comments on the proposed rule were accepted until December 19, 2018. In addition, as noted in the Legal Proceedings section, U. S. Steel continues to work with the regulatory authorities to address the Wayne County, Michigan (where Great Lakes Works is located) nonattainment status. The operational and financial impacts of the SO<sub>2</sub> NAAQS are not estimated to be material at this time.

In October 2015, the U.S. EPA lowered the NAAQS for ozone from 75 ppb to 70 ppb. On November 6, 2017, the U.S. EPA designated most areas in which we operate as attainment with the 2015 standard. In a separate ruling, on June 4, 2018, the U.S. EPA designated other areas in which we operate as "marginal nonattainment" with the 2015 ozone standard. While on December 6, 2018, U.S. EPA published a final rule regarding implementation of the 2015 ozone standard. Because no state regulatory or permitting actions to bring the ozone nonattainment areas into attainment have yet to be proposed or developed for U. S. Steel facilities, the operational and financial impact of the ozone NAAQS cannot be reasonably estimated at this time.

On December 14, 2012, the U.S. EPA lowered the annual standard for PM<sub>2.5</sub> from 15 micrograms per cubic meter (ug/m<sup>3</sup>) to 12 ug/m<sup>3</sup>, and retained the PM<sub>2.5</sub> 24-hour and PM<sub>10</sub> NAAQS rules. In December 2014, the U.S. EPA designated some areas in which U. S. Steel operates as nonattainment with the 2012 annual PM<sub>2.5</sub> standard. On April 6, 2018, the U.S. EPA published a notice that Pennsylvania, California and Idaho failed to submit a SIP to demonstrate attainment with the 2012 fine particulate standard by the deadline established by the CAA. As a result of the notice, Pennsylvania, a state in which we operate, is required to submit a SIP to the U.S. EPA no later than November 7, 2019 to avoid sanctions. Because it is early in the SIP development stages, any impacts to U. S. Steel cannot be reasonably estimated at this time.

In 2010, the U.S. EPA retained the annual nitrogen dioxide NAAQS standard, but created a new 1-hour NAAQS and established new data reduction and monitoring requirements. While the U.S. EPA has classified all areas as being in attainment or unclassifiable, it is requiring implementation of a network of monitoring stations to assess air quality. Until the network is implemented and further designations are made, the impact on operations at U. S. Steel facilities cannot be reasonably estimated.

In July 2018, the ACHD provided U. S. Steel, ACHD Regulation Subcommittee members and interested parties with draft regulations that would modify the existing air regulations applicable to coke plants in Allegheny County. While ACHD currently has some of the most stringent air regulations in the country governing coke plants, which apply to U. S. Steel's coke plant in Clairton, Pennsylvania (the only remaining coke plant in Allegheny County and one of two remaining in Pennsylvania), the draft regulations would reduce the current allowable emissions from coke plant operations and would be more stringent than the Federal Best Available Control Technology and Lowest Achievable Emission Rate requirements. In various meetings with ACHD, U. S. Steel has raised significant objections, in particular, that ACHD has not demonstrated that continuous compliance with the draft rule is economically and technologically feasible. While U. S. Steel continues to meet with ACHD regarding the draft rule, U. S. Steel believes that any rule promulgated by ACHD must comply with their statutory authority. If the draft rule or similar rule is adopted, the financial and operational impacts to U. S. Steel could be material.

## **Environmental Remediation**

In the United States, U. S. Steel has been identified as a potentially responsible party (PRP) at nine sites under CERCLA as of March 31, 2019. Of these, there are four sites where information requests have been received or there are other indications that U. S. Steel may be a PRP under CERCLA, but where sufficient information is not presently available to confirm the existence of liability or to make a reasonable estimate with respect to any potential liabilities. There are also 17 additional sites where U. S. Steel may be liable for remediation costs in excess of \$100,000 under other environmental statutes, both federal and state, or where private parties are seeking to impose liability on U. S. Steel

for remediation costs through discussions or litigation. At many of these sites, U. S. Steel is one of a number of parties involved and the total cost of remediation, as well as U. S. Steel's share, is frequently dependent upon the outcome of ongoing investigations and remedial studies. U. S. Steel accrues for environmental remediation activities when the responsibility to remediate is probable and the amount of associated costs is reasonably estimable. As environmental remediation matters proceed toward ultimate resolution or as remediation obligations arise, charges in excess of those previously accrued may be required.

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

**OFF-BALANCE SHEET ARRANGEMENTS**

U. S. Steel did not enter into any new material off-balance sheet arrangements during the first quarter of 2019.



## **INTERNATIONAL TRADE**

U. S. Steel continues to face import competition, much of which is unfairly-traded, supported by foreign governments, and fueled by massive global steel overcapacity. Such practices, policies and overcapacity impact the Company's operational and financial performance. U. S. Steel continues to lead the industry in efforts to address these challenges that threaten the Company, our workers, our stockholders, and our country's national and economic security.

Through a series of Presidential Proclamations pursuant to Section 232 of the Trade Expansion Act of 1962, as of the date of this filing, U.S. imports of certain steel products are subject to a 25 percent tariff, except for imports from: (1) Turkey, which are subject to a 50 percent tariff; (2) Argentina, Brazil, and South Korea, which are subject to restrictive quotas; and (3) Australia, which is not subject to either tariffs or quotas. Since its implementation in March 2018, the Section 232 action has supported the U.S. steel industry's and U. S. Steel's multiple restarts and investment initiatives. The Company continues to actively defend the Section 232 action through all available tools and strategies, including by highlighting these benefits and the importance of maintaining the Section 232 action.

The U.S. Department of Commerce (DOC) is managing a process in which U.S. companies may request and/or oppose temporary product exclusions from the Section 232 tariffs or quotas. Over 55,000 exclusions have been requested for steel products. U. S. Steel is opposing exclusion requests for products that are the same as, or substitute products for, those U. S. Steel produces.

Several legal challenges and retaliatory trade measures have been initiated in response to the Section 232 action. In the United States, the U.S. Court of International Trade (CIT) is considering *Transpacific Steel v. United States*, filed in January 2019, in which U.S. importers of Turkish steel and Turkish steel producers challenge the increased Section 232 tariffs on imports from Turkey. In March 2019, the CIT upheld the constitutionality of the Section 232 statute in a challenge by the American Institute for International Steel, which has appealed to the U.S. Court of Appeals for the Federal Circuit (CAFC) and, in addition, has petitioned for the case to be heard by the Supreme Court of the United States before the CAFC enters judgment. Multiple countries have challenged the Section 232 action at the World Trade Organization (WTO), imposed retaliatory tariffs, and/or acted to safeguard their domestic steel industries from increased steel imports. In turn, the United States has challenged the retaliation at the WTO. Decisions in these WTO disputes are not expected until the fourth quarter of 2019 at the earliest.

In February 2019, the European Commission (EC) imposed a definitive tariff rate quota (TRQ) safeguard on certain steel imports: 25 percent tariffs on certain steel imports that exceed quotas based on 105 percent of average import volumes for 2015-2017 and increasing 5 percent annually, effective February 2019 through June 2021.

Antidumping (AD) and countervailing (CVD or antisubsidy) duties apply in addition to the Section 232 tariffs and quotas and the EC's TRQ safeguard, and AD/CVD orders will last beyond the Section 232 action and EC's TRQ safeguard. Thus, U. S. Steel continues to actively defend and maintain the 54 U.S. AD/CVD orders and 11 EU AD/CVD orders covering products U. S. Steel produces in proceedings before the DOC, U.S. International Trade Commission, CIT, CAFC, the EC and European courts, and the WTO.

In 2018, following an investigation of China's technology transfer and intellectual property violations by the U.S. Trade Representative (USTR) under Section 301 of the Trade Act of 1974, the United States imposed 10 and 25 percent tariffs on approximately \$250 billion of U.S. imports from China, including finished steel couplings, some products used in steel production and certain downstream products. As of the date of this filing, the United States has postponed increasing the 10 percent tariffs to 25 percent tariffs as negotiations with China on structural trade issues, including China's subsidies and government support of its steel industry, progress.

The G-20's Global Forum on Steel Excess Capacity continues to work to reduce global steel overcapacity, currently estimated at 425 million tons. The Organization for Economic Co-operation and Development Steel Committee and trilateral negotiations between the United States, EU, and Japan also continue to address global steel overcapacity.

U. S. Steel will continue to execute a broad, global strategy to maximize opportunities and navigate challenges presented by imports, global steel overcapacity, and international trade law and policy developments.

## **NEW ACCOUNTING STANDARDS**

See Notes 2 and 3 to the Consolidated Financial Statements in Part I Item 1 of this Form 10-Q.

**Item 3.            QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There were no material changes in U. S. Steel's exposure to market risk from December 31, 2018.

**Item 4. CONTROLS AND PROCEDURES**

**EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES**

U. S. Steel has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of March 31, 2019. These disclosure controls and procedures are the controls and other procedures that were designed to ensure that information required to be disclosed in reports that are filed with or submitted to the U.S. Securities and Exchange Commission are: (1) accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures and (2) recorded, processed, summarized and reported within the time periods specified in applicable law and regulations. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2019, U. S. Steel's disclosure controls and procedures were effective.

**CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING**

There have not been any changes in U. S. Steel's internal control over financial reporting that occurred during the fiscal quarter covered by this quarterly report, which have materially affected, or are reasonably likely to materially affect, U. S. Steel's internal control over financial reporting.

**UNITED STATES STEEL CORPORATION**  
**SUPPLEMENTAL STATISTICS (Unaudited)**

(Dollars in millions)	Three Months Ended March 31,	
	2019	2018
<b>SEGMENT EARNINGS (LOSS) BEFORE INTEREST AND INCOME TAXES:</b>		
Flat-Rolled	\$ 95	\$ 33
U. S. Steel Europe	29	110
Tubular	10	(27)
Total reportable segments	134	116
Other Businesses	8	11
Items not allocated to segments:		
Clairton coke making facility fire	(31)	—
Granite City Works adjustment to temporary idling charges	—	10
Total earnings before interest and income taxes	\$ 111	\$ 137
<b>CAPITAL EXPENDITURES</b>		
Flat-Rolled	\$ 247	\$ 176
U. S. Steel Europe	34	21
Tubular	19	11
Other Businesses	2	—
Total	\$ 302	\$ 208
<b>OPERATING STATISTICS</b>		
Average realized price: (\$/net ton unless otherwise noted) <sup>(a)</sup>		
Flat-Rolled	\$ 798	\$ 740
U. S. Steel Europe	670	707
U. S. Steel Europe (€/net ton)	590	575
Tubular	1,549	1,387
Steel Shipments: <sup>(a)(b)</sup>		
Flat-Rolled	2,725	2,534
U. S. Steel Europe	1,064	1,127
Tubular	207	179
Intersegment Shipments: <sup>(b)</sup>		
Flat-Rolled to Tubular	81	67
Raw Steel Production: <sup>(b)</sup>		
Flat-Rolled	3,075	2,784
U. S. Steel Europe	1,159	1,292
Raw Steel Capability Utilization: <sup>(c)</sup>		
Flat-Rolled	73%	66%
U. S. Steel Europe	94%	105%

<sup>(a)</sup> Excludes intersegment transfers.

<sup>(b)</sup> Thousands of net tons.

<sup>(c)</sup> Based on annual raw steel production capability of 17.0 million net tons for Flat-Rolled and 5.0 million net tons for USSE.

## **PART II. OTHER INFORMATION**

### **Item 1. LEGAL PROCEEDINGS**

#### **GENERAL LITIGATION**

On April 11, 2017, there was a process waste water release at our Midwest Plant (Midwest) in Portage, Indiana that impacted a water outfall that discharges to Burns Waterway near Lake Michigan. U. S. Steel identified the source of the release and made the necessary repairs. We determined that all repairs were safely working as intended and, on April 14, 2017, resumed operations in a controlled, phased and highly monitored approach with extensive input from participating government agencies. The Company has since implemented substantial operational, process and notification improvements at Midwest. The Company has been presented with cost reimbursements, loss of use and penalty requests from the involved governmental agencies. In January of 2018, The Surfrider Foundation and the City of Chicago initiated suits in the Northern District of Indiana alleging CWA and Permit violations at Midwest. On April 2, 2018, the U.S. EPA and the State of Indiana initiated a separate action against the Company and lodged a Consent Decree negotiated between U. S. Steel and the relevant governmental agencies consisting of all material terms to resolve the CWA and NPDES violations at the Midwest Plant. A public comment period for the Consent Decree ensued. U. S. Steel, U.S. EPA and the State of Indiana continue the process of reviewing and addressing those comments. The suits that the Surfrider Foundation and the City of Chicago filed are currently stayed. The Surfrider Foundation and the City of Chicago also filed motions, which were granted, to intervene in the Consent Decree case. The citizens groups filed their Complaints-in-Intervention on December 27, 2018 and filed Amended Complaints-in-Intervention on January 17, 2019. U. S. Steel continues to work with United States Department of Justice, U.S. EPA, and Indiana Department of Environmental Management towards a finalized Consent Decree.

On November 30, 2018, the Minnesota Pollution Control Agency (MPCA) issued a new Water Discharge Permit for the Minntac Tailings Basin waters. The Permit contains new sulfate limitations applicable to water in the Tailings Basin and groundwater flowing from U. S. Steel's property. The MPCA also acted on the same date, denying the Company's requests for variances from ground and surface water standards and request for a contested case hearing. U. S. Steel filed appeals on December 19, 2018 challenging the actions taken by the MPCA. Separate appeals have been filed by a Minnesota Native American Tribe (Fond du Lac Band) and a nonprofit environmental group (Water Legacy). U. S. Steel has filed Petitions to Intervene in both cases.

On October 2, 2017, an Amended Shareholder Class Action Complaint was filed in Federal Court in the Western District of Pennsylvania consolidating previously-filed actions. Separately, four related shareholder derivative lawsuits were filed in State and Federal courts in Pittsburgh, Pennsylvania. The underlying consolidated class action lawsuit alleges that U. S. Steel, certain current and former officers, an upper level manager of the Company and the financial underwriters who participated in the August 2016 secondary public offering of the Company's common stock (collectively, Defendants) violated federal securities laws in making false statements and/or failing to discover and disclose material information regarding the financial condition of the Company. The lawsuit claims that this conduct caused a prospective class of plaintiffs to sustain damages during the period from January 27, 2016 to April 25, 2017 as a result of the prospective class purchasing the Company's common stock at artificially inflated prices and/or suffering losses when the price of the common stock dropped. The derivative lawsuits generally make the same allegations against the same officers and also allege that certain current and former members of the Board of Directors failed to exercise appropriate control and oversight over the Company and were unjustly compensated. The plaintiffs seek to recover losses that were allegedly sustained. The class action Defendants moved to dismiss plaintiffs' claims. On September 29, 2018 the Court ruled on those motions granting them in part and denying them in part. On March 18, 2019, the plaintiffs withdrew the claims against the Defendants related to the 2016 secondary offering. Therefore, the underwriters are no longer parties to the case. The Company and the individual defendants are vigorously defending the remaining claims.

#### **ENVIRONMENTAL PROCEEDINGS**

The following is a summary of the proceedings of U. S. Steel that were pending or contemplated as of March 31, 2019, under federal and state environmental laws. Information about specific sites where U. S. Steel is or has been engaged in significant clean up or remediation activities is also summarized below. Except as described herein, it is not possible to accurately predict the ultimate outcome of these matters.

### ***CERCLA Remediation Sites***

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

As of March 31, 2019, U. S. Steel has received information requests or been identified as a PRP at a total of nine CERCLA sites, four of which have liabilities that have not been resolved. Based on currently available information, which is in many cases preliminary and incomplete, management believes that U. S. Steel's liability for CERCLA cleanup and remediation costs at the other five sites will be between \$100,000 and \$1 million for four of the sites, and over \$5 million for one site as described below.

#### **Duluth Works**

The former U. S. Steel Duluth Works site was placed on the National Priorities List under CERCLA in 1983 and on the State of Minnesota's Superfund list in 1984. Liability for environmental remediation at the site is governed by a Response Order by Consent executed with the MPCA in 1985 and a Record of Decision signed by MPCA in 1989. U. S. Steel has partnered with the Great Lakes National Program Office (GLNPO) of U.S. EPA Region 5 to address contaminated sediments in the St. Louis River Estuary and several other Operable Units that could impact the Estuary if not addressed. An amendment to the Project Agreement between U. S. Steel and GLNPO was executed during the second quarter of 2018 to recognize the costs associated with implementing the proposed remedial plan at the site.

While work continues on completion of the remedial design and educating the public and key stakeholders on the details of the plan, there has been no material change in the status of the project during the three months ended March 31, 2019. Additional study, investigation, design, oversight costs, and implementation of U. S. Steel's preferred remedial alternatives on the upland property and Estuary are currently estimated as of March 31, 2019 at approximately \$46 million.

#### ***RCRA and Other Remediation Sites***

U. S. Steel may be liable for remediation costs under other environmental statutes, both federal and state, or where private parties are seeking to impose liability on U. S. Steel for remediation costs through discussions or litigation. There are 17 such sites where remediation is being sought involving amounts in excess of \$100,000. Based on currently available information, which is in many cases preliminary and incomplete, management believes that liability for cleanup and remediation costs in connection with seven sites have potential costs between \$100,000 and \$1 million per site, five sites may involve remediation costs between \$1 million and \$5 million per site and five sites are estimated to or could have, costs for remediation, investigation, restoration or compensation in excess of \$5 million per site.

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

#### **Gary Works**

On October 23, 1998, the U.S. EPA issued a final Administrative Order on Consent (Order) addressing Corrective Action for Solid Waste Management Units (SWMU) throughout Gary Works. This Order requires U. S. Steel to perform a Resource Conservation and Recovery Act (RCRA) Facility Investigation (RFI), a Corrective Measures Study (CMS) and Corrective Measure Implementation. While work continues on several items, there has been no material change in the status of the project during the three months ended March 31, 2019. Until the remaining Phase I work and Phase II field investigations are completed, it is not possible to assess what additional expenditures will be necessary for Corrective Action projects at Gary Works. In total, the accrued liability for Corrective Action projects is approximately \$25 million as of March 31, 2019, based on our current estimate of known remaining costs.

## **Geneva Works**

At U. S. Steel's former Geneva Works, liability for environmental remediation, including the closure of three hazardous waste impoundments and facility-wide corrective action, has been allocated between U. S. Steel and the current property owner pursuant to an agreement and a permit issued by the Utah Department of Environmental Quality (UDEQ). Having completed the investigation on a majority of the remaining areas identified in the permit, U. S. Steel has determined the most effective means to address the remaining impacted material is to manage those materials in a previously approved on-site Corrective Action Management Unit (CAMU). U. S. Steel awarded a contract for the implementation of the CAMU project during the fourth quarter of 2018 and submitted the first of several design documents to UDEQ for approval. Construction, waste stabilization and placement along with closure of the CAMU are expected to be complete in 2020. U. S. Steel has an accrued liability of approximately \$60 million as of March 31, 2019, for our estimated share of the remaining costs of remediation.

## **USS-POSCO Industries (UPI)**

A joint venture in Pittsburg, California between subsidiaries of U. S. Steel and POSCO, UPI's facilities were previously owned and operated solely by U. S. Steel which retains primary responsibility for the existing environmental conditions. U. S. Steel continues to monitor the impacts of the remedial plan implemented in 2016 to address groundwater impacts from trichloroethylene at SWMU 4. Evaluations continue for the three SWMUs known as the Northern Boundary Group and it is likely that corrective measures will be required, but it is not possible at this time to define a scope or estimate costs for what may be required by the California Department of Toxic Substances Control. As such, there has been no material change in the status of the project during the three months ended March 31, 2019. As of March 31, 2019, approximately \$1 million has been accrued for ongoing environmental studies, investigations and remedy monitoring. Significant additional costs associated with this site are possible and are referenced in Note 22 to the Consolidated Financial Statements "Contingencies and Commitments - Environmental Matters - Remediation Projects - Projects with Ongoing Study and Scope Development."

## **Fairfield Works**

A consent decree was signed by U. S. Steel, the U.S. EPA and the U.S. Department of Justice and filed with the United States District Court for the Northern District of Alabama (United States of America v. USX Corporation) in December 1997. In accordance with the consent decree, U. S. Steel initiated a RCRA corrective action program at the Fairfield Works facility. The Alabama Department of Environmental Management, with the approval of the U.S. EPA, assumed primary responsibility for regulation and oversight of the RCRA corrective action program at Fairfield Works. While work continues on different aspects of the program, there has been no material change in the status of the project during the three months ended March 31, 2019. In total, the accrued liability for remaining work under the Corrective Action Program, was approximately \$50,000 at March 31, 2019. Significant additional costs associated with this site are possible and are referenced in Note 22 to the Consolidated Financial Statements "Contingencies and Commitments - Environmental Matters - Remediation Projects - Projects with Ongoing Study and Scope Development."

## **Fairless Plant**

In April 1993, U. S. Steel entered into a consent order with the U.S. EPA pursuant to RCRA, under which U. S. Steel would perform Interim Measures (IM), an RFI and CMS at our Fairless Plant. A Phase I RFI Final Report was submitted in September of 1997. With U.S. EPA's agreement, in lieu of conducting subsequent phases of the RFI and the CMS, U. S. Steel has been working through the Pennsylvania Department of Environmental Protection Act 2 Program to characterize and remediate facility parcels for redevelopment. While work continues on these items, there has been no material change in the status of the project during the three months ended March 31, 2019. As of March 31, 2019, the accrued liability to maintain the interim measures, and clear properties through the Act 2 process is approximately \$245,000. Significant additional costs associated with this site are possible and are referenced in Note 22 to the Consolidated Financial Statements "Contingencies and Commitments - Environmental Matters - Remediation Projects - Projects with Ongoing Study and Scope Development."

## **Lorain Tubular Operations**

In September 2006, U. S. Steel and the Ohio Environmental Protection Agency (OEPA) commenced discussions about RCRA Corrective Action at Lorain Tubular Operations. A Phase I RFI on the identified SWMUs and Areas of Contamination was submitted in March 2012. While discussions continue with OEPA on drafting the Statement of Basis identifying potential remedies to address areas documented in the Phase II RFI, there has been no material change in the status of the project during the three months ended March 31, 2019. As of March 31, 2019, costs to complete additional projects are estimated to be approximately \$88,000. Significant additional costs associated with this site are possible and are referenced in Note 22 to the Consolidated Financial Statements "Contingencies and Commitments - Environmental Matters - Remediation Projects - Projects with Ongoing Study and Scope Development."

## **Joliet Works**

The 50-acre parcel at the former Joliet Works is enrolled in the Illinois Environmental Protection Agency's (IEPA) voluntary Site Remediation Program (the Program). The Program requires investigation and establishment of cleanup objectives followed by submission/approval of a Remedial Action Plan to meet those objectives. The 50-acre parcel was divided into four subareas with remedial activities completed in 2015 for three of the subareas. While work continues to define the requirements for further investigation of the remaining subarea, there has been no material change in the status of the project during the three months ended March 31, 2019. U. S. Steel has an accrued liability of \$284,000 related to this matter as of March 31, 2019. Significant additional costs associated with this site are possible and are referenced in Note 22 to the Consolidated Financial Statements "Contingencies and Commitments - Environmental Matters - Remediation Projects - Projects with Ongoing Study and Scope Development."

## **Cherryvale (KS) Zinc**

In April 2003, U. S. Steel and Salomon Smith Barney Holdings, Inc. (SSB) entered into a Consent Order with the Kansas Department of Health & Environment (KDHE) concerning a former zinc smelting operation in Cherryvale, Kansas. Remediation of the site proper was essentially completed in 2007. The Consent Order was amended on May 3, 2013, to require investigation (but not remediation) of potential contamination beyond the boundary of the former zinc smelting operation. On November 22, 2016, KDHE approved a State Cooperative Final Agency Decision Statement that identified the remedy selected to address potential contamination beyond the boundary of the former zinc smelting site. The Removal Action Design Plan was approved during the second quarter of 2018. The Waste Deposition Area design and the Interim Risk Management Plan (which includes institutional controls) were approved by KDHE during the fourth quarter of 2018. Negotiations of an amended consent order for remediation commenced in December 2018. U. S. Steel has an accrued liability of approximately \$11 million as of March 31, 2019, for our estimated share of the cost of remediation.

## **South Works**

On August 29, 2017, U. S. Steel was notified by the U.S. Coast Guard of a sheen on the water in the North Vessel Slip at our former South Works in Chicago, Illinois. U. S. Steel has been working with the IEPA under their voluntary Site Remediation Program since 1993 to evaluate the condition of the property including the North Vessel Slip. The result of this cooperative effort has been the issuance of a series of "No Further Remediation" (NFR) notices to U. S. Steel including one specific to the North Vessel Slip. U. S. Steel has notified the IEPA of the potential changed condition and is working closely with the IEPA and the U. S. Coast Guard to determine the source of the sheen and options to address the issue. U. S. Steel has an accrued liability of \$22,000 as of March 31, 2019.

## **Air Related Matters**

### **Gary Works**

In November 2018, the Indiana Department of Environmental Management (IDEM) advised U. S. Steel that it intends to address certain deviations from the Gary Works Title V Permit that were to have occurred in late 2017 and the first three quarters of 2018 in an enforcement action that it anticipates would be resolved through an Agreed Order. IDEM indicated that it intends to address the following issues in the action: intermittent exceedances of opacity standards at the steel producing roof monitor; deviations from certain miscellaneous inspection requirements; exceedance of the hydrochloric acid limit at the pickle line (which U. S. Steel has since demonstrated compliance); and exceedance of



the particulate matter limit at the iron pellet screeners. Generally, the deviations were self-disclosed by U. S. Steel in reports submitted to IDEM. U. S. Steel is currently working with IDEM to resolve the issues.

#### **Great Lakes Works**

In June 2010, the EPA significantly lowered the primary (NAAQS) for SO<sub>2</sub> from 140 ppb on a 24-hour basis to an hourly standard of 75 ppb. Based upon the 2009-2011 ambient air monitoring data, the U.S. EPA designated the area in which Great Lakes Works is located as nonattainment with the 2010 SO<sub>2</sub> NAAQS.

As a result, pursuant to the CAA, the Michigan Department of Environmental Quality (MDEQ) was required to submit a SIP to the U.S. EPA that demonstrates that the entire nonattainment area (and not just the monitor) would be in attainment by October 2018 by using conservative air dispersion modeling. To develop the SIP, U. S. Steel met with MDEQ on multiple occasions and had offered reduction plans to MDEQ but the parties could not agree to a plan. MDEQ, instead promulgated Rule 430 which was solely directed at U. S. Steel. The Company challenged Rule 430 before the Michigan Court of Claims who by Order dated October 4, 2017, granted the Company's motion for summary disposition voiding Rule 430 finding that it violated rule-making provisions of the Michigan Administrative Procedures Act and Michigan Constitution. Since Rule 430 has been invalidated and MDEQ's SIP has not been approved, U.S. EPA has indicated that it would promulgate a Federal Implementation Plan (FIP) pursuant to its obligations and authority under the Clean Air Act (CAA). Because development of the FIP is in the early stages, the impacts of the nonattainment designation to the Company are not estimable at this time.

On January 17, 2019, U. S. Steel and MDEQ met to discuss resolution of violations that were alleged to have occurred intermittently in 2017 and 2018 regarding opacity from: the D4 Blast Furnace slag pit, D4 Blast Furnace backdraft stack, B2 Blast Furnace casthouse roof monitor, B2 Blast Furnace backdraft stack, and Basic Oxygen Furnace Shop Roof Monitor; and exceedances of applicable limits at the pickle line. Subsequent to the meeting in late February, the MDEQ advised U. S. Steel that it was assessing a civil penalty of \$378,883 for these alleged violations.

#### **Granite City Works**

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

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

#### **Minnesota Ore Operations**

On February 6, 2013, the U.S. EPA published a FIP that applies to taconite facilities in Minnesota. The FIP establishes and requires emission limits and the use of low NOx reduction technology on indurating furnaces as Best Available Retrofit Technology (BART). While U. S. Steel installed low NOx burners on three furnaces at Minntac and is currently obligated to install low NOx burners on the two other furnaces at Minntac pursuant to existing agreements and permits, the rule would require the installation of a low NOx burner on the one furnace at Keetac for which U. S. Steel did not have an otherwise existing obligation. U. S. Steel estimates expenditures associated with the installation of low NOx burners of as much as \$25 to \$30 million. In 2013, U. S. Steel filed a petition for administrative reconsideration to the U.S. EPA and a petition for judicial review of the 2013 FIP and denial of the Minnesota SIP to the Eighth Circuit. In April 2016, the EPA promulgated a revised FIP with the same substantive requirements for U. S. Steel. In June 2016, U. S. Steel filed a petition for administrative reconsideration of the 2016 FIP to the U.S. EPA and a petition for judicial review of the 2016 FIP before the Eighth Circuit Court of Appeals. While the proceedings regarding the petition for judicial review of the 2013 FIP remained stayed, oral arguments regarding the petition for judicial review of the 2016 FIP were heard by the Eighth Circuit Court of Appeals on November 15, 2017. Thus, both petitions for judicial review remain with the Eighth Circuit. On December 4, 2017, U.S. EPA published a notification in the Federal Register in which the U.S. EPA denied U. S. Steel's administrative petitions for reconsideration and stay of the 2013 FIP and 2016 FIP. On February 1, 2018, U. S. Steel filed a petition for judicial review of U.S. EPA's denial of the administrative petitions for reconsideration to the Eighth Circuit Court of Appeals. U. S. Steel continues to defend its three petitions that are before the Eighth Circuit Court of Appeals regarding BART requirements at Minntac and Keetac while pursuing a resolution that would include an equitable revision to the FIP.

## Mon Valley Works

On November 9, 2017, U.S. EPA Region III and ACHD jointly issued a Notice of Violation (NOV) regarding the Company's Edgar Thomson facility in Braddock, PA. In addition, on November 20, 2017, ACHD issued a separate, but related NOV to the Company regarding the Edgar Thomson facility. In the NOVs, based upon their inspections and review of documents collected throughout the last two years, the agencies allege that the Company has violated the CAA by exceeding the allowable visible emission standards from certain operations during isolated events. In addition, the agencies allege that the Company has violated certain maintenance, reporting, and recordkeeping requirements. U. S. Steel met with U.S. EPA Region III and ACHD on December 18, 2017 and again on August 15, 2018. ACHD, U.S. EPA Region III and U. S. Steel continue to negotiate a potential resolution of the matter.

On June 28, 2018, U. S. Steel received an Enforcement Order from the ACHD for the Clairton Plant for alleged violations of various environmental permit and regulatory requirements pertaining to air emissions. The total penalty demand is \$1,091,950 for alleged violations that were to have occurred in late 2017 and early 2018. ACHD ordered U. S. Steel to conduct SO<sub>2</sub> stack tests of C Battery Quench Tower exhaust. ACHD also ordered U. S. Steel to provide an assessment of all emissions points at the Clairton facility to ACHD; and to propose measures, for ACHD approval, to reduce SO<sub>2</sub>, particulate matter and visible emissions within sixty days of receipt of the Order. In the Order, ACHD demanded that if U. S. Steel fails to meet any requirements in the Order, U. S. Steel shall place its two worst performing batteries on hot idle until ACHD determines U. S. Steel is in compliance with the Order. U. S. Steel has appealed the Order and posted the penalty amount in an escrow account. A hearing was held December 3 - 6, 2018 and post-hearing briefing concluded on March 29, 2019. The matter remains before the Allegheny County Health Department Hearing Officer. A decision regarding the appeal is not expected until the second quarter 2019.

On November 14, 2018, U. S. Steel received a revised Administrative Order from the ACHD with an assessed penalty of \$613,716 for alleged violations regarding fugitive emission sources (coke oven doors, lids, offtakes, charging, high opacity doors and soaking) at the Clairton Plant that were alleged to have occurred during the second quarter of 2018. On December 12, 2018, U. S. Steel appealed the Administrative Order.

On December 24, 2018, U. S. Steel's Clairton Plant experienced a fire, affecting portions of the facility involved in desulfurization of the coke oven gas generated during the coking process. With the desulfurization process out of operation as a result of the fire, U. S. Steel was not able to certify compliance with Clairton Plant's Title V permit levels for sulfur emissions. U. S. Steel promptly notified ACHD, which has regulatory jurisdiction for the Title V permit, and updated the ACHD regularly on our efforts to mitigate any potential environmental impacts until the desulfurization process was returned to normal operations. Of the approximately 2,400 hours between the date of the fire and April 4, 2019, when the Company resumed desulfurization, there were ten intermittent hours where average SO<sub>2</sub> emissions exceeded the hourly NAAQS for SO<sub>2</sub> at the Allegheny County regional air quality monitors located in Liberty and North Braddock boroughs which are near U. S. Steel's Mon Valley Works facilities. ACHD has asserted that these emission levels were the result of our inability to complete the desulfurization process following the fire and informed U. S. Steel that it will pursue enforcement action against the Company following restoration of the desulfurization process to normal operations. On February 13, 2019, PennEnvironment and Clean Air Council, both environmental, non-governmental organizations, sent U. S. Steel a 60-day notice of intent to sue letter pursuant to the CAA. The letter alleges Title V permit violations at the Clairton, Irvin, and Edgar Thomson facilities as a result of the December 24, 2018 Clairton Plant fire. The 60-day notice letter also alleges that the violations are causing adverse public health and welfare impacts to the communities surrounding the Clairton, Irvin, and Edgar Thomson facilities. PennEnvironment and Clean Air Council subsequently filed a Complaint in Federal Court in the Western District of Pennsylvania on April 29, 2019. On May 2, 2019 the Environmental Integrity Project, the Breathe Project and Clean Air Council, environmental, non-governmental organizations, issued a separate 60-day notice of intent to sue letter contending that the Company violated the CERCLA notification requirements with respect to the Clairton fire.

In addition, as a result of the fire and our temporary inability to desulfurize coke oven gas, on February 28, 2019, the ACHD issued an Enforcement Order that would have required U. S. Steel to take immediate measures to significantly reduce the production of coke oven gas that would have put the safety of employees, contractors and the public at risk. On March 1, 2019, U. S. Steel filed a notice of appeal of the Order, submitted a petition for stay of the Order, and requested an emergency status conference. On March 1, 2019, after hearing U. S. Steel's testimony, the ACHD Hearing Officer ordered a temporary stay of the Order. After meeting with U. S. Steel, on March 12, 2019, the ACHD issued a revised order that superseded the February 28, 2019 Order. U. S. Steel is complying with the revised order. On April 4, 2019, U. S. Steel completed repairs to the desulphurization equipment which enabled us to resume desulfurizing all of the coke oven gas generated. While no penalty was assessed in the February 28 or March 12 orders, the ACHD

has publicly stated that it plans to issue an order with civil penalties and other appropriate measures in the future. No penalty has been assessed to date.

On April 1, 2019, U. S. Steel received an Enforcement Order from the ACHD with an assessed penalty of \$707,568 for alleged violations regarding fugitive emission sources (coke oven doors, lids, offtakes, charging, high opacity doors and soaking) at the Clairton Plant that were alleged to have occurred during the third and fourth quarters of 2018. On April 25, 2019, U. S. Steel appealed the Enforcement Order. That appeal has been consolidated with the above referenced appeal of the November 14, 2018 Order. A hearing date for the consolidated appeal has been scheduled for September 24, 2019.

On April 24, 2019, U. S. Steel was served with a class action complaint that was filed in the Allegheny Court of Common Pleas related to the December 24, 2018 fire at Clairton. The complaint asserts common law nuisance and negligence claims and seeks compensatory and punitive damages that allegedly were the result of U. S. Steel's conduct that resulted in the fire and U. S. Steel's operations subsequent to the fire. We are actively defending this matter; however, it is too early to predict the ultimate outcome or estimate potential damages.

## ASBESTOS LITIGATION

As of March 31, 2019, U. S. Steel was a defendant in approximately 745 active cases involving approximately 2,315 plaintiffs. The vast majority of these cases involve multiple defendants. At December 31, 2018, U. S. Steel was a defendant in approximately 755 active cases involving approximately 2,320 plaintiffs. About 1,540, or approximately 67 percent, of these plaintiff claims are currently pending in jurisdictions which permit filings with massive numbers of plaintiffs. Based upon U. S. Steel's experience in such cases, it believes that the actual number of plaintiffs who ultimately assert claims against U. S. Steel will likely be a small fraction of the total number of plaintiffs.

The following table shows activity with respect to asbestos litigation:

Period ended	Opening Number of Claims	Claims Dismissed, Settled and Resolved <sup>(a)</sup>	New Claims	Closing Number of Claims
December 31, 2016	3,315	225	250	3,340
December 31, 2017	3,340	275	250	3,315
December 31, 2018	3,315	1,285	290	2,320
March 31, 2019	2,320	75	70	2,315

(a) The period ending December 31, 2018 includes approximately 1,000 dismissed cases previously pending in the State of Texas.

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

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

Further, U. S. Steel does not believe that an accrual for unasserted claims is required. At any given reporting date, it is probable that there are unasserted claims that will be filed against the Company in the future. In 2018, the Company engaged an outside valuation consultant to assist in assessing its ability to estimate an accrual for unasserted claims. This assessment was based on the Company's settlement experience, including recent claims trends. The analysis focused on settlements made over the last several years as these claims are likely to best represent future claim characteristics. After review by the valuation consultant and U. S. Steel management, it was determined that the Company could not estimate an accrual for unasserted claims.

Despite these uncertainties, management believes that the ultimate resolution of these matters will not have a material adverse effect on U. S. Steel's financial condition.

**Item 4. MINE SAFETY DISCLOSURES**

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

**Item 5. ISSUER PURCHASES OF EQUITY SECURITIES****Purchases of Equity Securities by the Issuer and the Affiliated Purchasers**

Share repurchase activity under the Company's stock repurchase program during the three months ended March 31, 2019 was as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs <sup>(a)</sup>
January 1 - 31, 2019	1,313,982	\$ 19.026	1,313,982	\$ 200,000,000
February 1 - 28, 2019	219,558	\$ 23.443	219,558	\$ 194,852,900
March 1 - 31, 2019	582,335	\$ 20.441	582,335	\$ 182,949,600
<b>Quarter ended March 31, 2019</b>	<b>2,115,875</b>	<b>\$ 19.874</b>	<b>2,115,875</b>	<b>\$ 182,949,600</b>

<sup>(a)</sup> On November 1, 2018, the Company announced that its Board of Directors authorized a stock repurchase program to repurchase up to \$300 million of our outstanding common stock over a two-year period at the discretion of management, of which approximately \$117 million had been utilized as of March 31, 2019. The Company's stock repurchase program does not obligate it to acquire any specific number of shares. Under this program, the shares will be purchased from time to time at prevailing market prices, through open market or privately negotiated transactions, depending upon market conditions.

**Item 6. EXHIBITS**

- 10.1 [Form of United States Steel Corporation 2016 Omnibus Incentive Compensation Plan Performance Share Award Grant Agreement \(TSR Grant\).\\*](#)
- 10.2 [Administrative Procedures for the Executive Management Annual Incentive Compensation Plan under the United States Steel Corporation 2016 Omnibus Incentive Compensation Plan, as approved on February 26, 2019.\\*](#)
- 10.3 [United States Steel Corporation Non Tax-Qualified Retirement Account Program, Amended and Restated Effective January 1, 2019.\\*](#)
- 10.4 [United States Steel Corporation Supplemental Thrift Program, Amended and Restated Effective January 1, 2019.\\*](#)
- 10.5 [United States Steel Corporation Supplemental Retirement Account Program, Amended and Restated Effective January 1, 2019.\\*](#)
- 31.1 [Certification of Chief Executive Officer required by Rules 13a-14\(a\) or 15d-14\(a\) of the Securities Exchange Act of 1934, as promulgated by the Securities and Exchange Commission pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2 [Certification of Chief Financial Officer required by Rules 13a-14\(a\) or 15d-14\(a\) of the Securities Exchange Act of 1934, as promulgated by the Securities and Exchange Commission pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.1 [Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2 [Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 95 [Mine Safety Disclosure required under Section 1503 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.](#)
- 101 INS XBRL Instance Document
- 101 SCH XBRL Taxonomy Extension Schema Document
- 101 CAL XBRL Taxonomy Extension Calculation Linkbase Document
- 101 DEF XBRL Taxonomy Extension Definition Linkbase Document
- 101 LAB XBRL Taxonomy Extension Label Linkbase Document
- 101 PRE XBRL Taxonomy Extension Presentation Linkbase Document

\* Indicates management contract or compensatory plan or arrangement.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned chief accounting officer thereunto duly authorized.

UNITED STATES STEEL CORPORATION

By       /s/ Kimberly D. Fast

Kimberly D. Fast  
Acting Controller

May 3, 2019

**WEB SITE POSTING**

This Form 10-Q will be posted on the U. S. Steel web site, [www.ussteel.com](http://www.ussteel.com), within a few days of its filing.

**United States Steel Corporation 2016 Omnibus Incentive Compensation Plan  
Performance Share Award Grant Agreement**

United States Steel Corporation, a Delaware Corporation (herein called the "Corporation"), grants to the employee of the employing company identified below (the "Participant") a Performance Share Award representing the right to receive a specified number of shares of the common stock of the Corporation ("Shares") set forth below, which right, if payable, shall be paid in Shares:

**Name of Participant:**      **PARTICIPANT NAME**

**Name of Employing Company** (the company recognized by the Corporation  
**on Date Hereof:**            as employing the Participant)

**Target Number of Shares**  
**Subject to Award:**        **# SHARES**

**Maximum Number of Shares**  
**Subject to Award:**        (Two times the Number of Shares Subject to the Award)

**Performance Period:**     January 1, 2019 through December 31, 2021

**Performance Goals:**      (See Exhibit A, attached)

**Date of Grant:**            **GRANT DATE**

By accepting this Award in any manner and within the time period prescribed by the Corporation, the Participant agrees that (1) this Performance Share Award is granted under and governed by the terms and conditions of the Corporation's 2016 Omnibus Incentive Compensation Plan, as amended from time to time (the "Plan"), and the Terms and Conditions contained herein including the Performance Goals set forth in Exhibit A attached hereto and the special provisions for the Participant's country of residence, if any, attached hereto as Exhibit B (collectively, the "Agreement"), (2) he or she has reviewed the Plan and the Agreement in their entirety, and (3) he or she has had an opportunity to obtain the advice of counsel prior to accepting this Award and fully understands all provisions of the Plan and the Agreement.

United States Steel Corporation

By: \_\_\_\_\_  
Authorized Officer

**Terms and Conditions**

1. **Grant of Performance Share Award:** The Performance Period for purposes of determining whether the Performance Goals have been met shall be the three-year Performance Period specified herein. The Performance Goals for purposes of determining whether, and the extent to which, the Performance Share Award is earned and payable are set forth in Exhibit A to this Agreement. Subject to the provisions of this Agreement, the Performance Share Award shall become payable, if vested, following the Committee's determination and certification after the end of the Performance Period, as to whether and the extent to which the Performance Goals have been achieved; provided that the Committee retains no discretion to reduce or increase Performance Share Awards that become payable as a result of performance measured against the Performance Goals.

2. **Payment of Award:** If and to the extent the Performance Share Award is vested, earned and payable, the Corporation shall cause a stock certificate to be issued in the Participant's name, for no cash consideration, for the number of shares of common stock of the Corporation determined by the Committee to be payable pursuant to paragraph 1 hereof. Payment shall be made following the end of the Performance Period and certification by the Committee, and in no event more than two and one-half months following the end of the calendar year in which the Performance Period ends, except as otherwise provided in Section 11. No dividends or dividend equivalents shall be payable with respect to the Performance Share Award before the Performance Goal has been achieved and the Performance Share Award has been determined to be earned.

3. **Transferability:** The Participant shall not sell, transfer, assign, pledge or otherwise encumber or dispose of any portion of the Performance Share Award and the right to receive Shares, and any attempt to sell, transfer, assign, pledge or encumber any portion of the Shares prior to the payment, if at all, of a stock certificate in the name of the Participant shall have no effect, regardless of whether voluntary, involuntary, by operation of law or otherwise.

4. **Change in Control:** Notwithstanding anything to the contrary stated herein, in the case of a Change in Control of the Corporation, (a) the Performance Period shall automatically end on the business day immediately preceding the closing date of the Change in Control, (b) the actual performance for the abbreviated Performance Period as calculated below shall be measured against the established Performance Goals, the performance criteria shall be deemed satisfied only to the extent the actual performance was achieved (the "Achieved Performance Share Award"), and the balance of the Performance Share Award, if any, shall be forfeited, and (c) the Achieved Performance Share Award shall remain subject to forfeiture until the third anniversary of the Date of Grant of this Performance Share Award if the Participant's employment is terminated after the Change in Control but before the third anniversary of the Date of Grant; provided, however, notwithstanding Section 5, (i) if the Participant's employment is terminated by the Corporation other than for Cause or is terminated voluntarily by the Participant



for Good Reason in the case of participants designated as executive management at the time of the Change in Control ("Executive Management"), within 24 months following a Change in Control, then, except as otherwise determined by the Corporation if the Participant is not Executive Management, the Achieved Performance Share Award shall not be forfeited upon such Termination; rather, the Achieved Performance Share Award shall vest immediately upon the termination, (ii) if the Participant's employment is terminated by reason of death, due to the Participant becoming Disabled, or following attainment of Normal Retirement Age, then the Achieved Performance Share Award shall not be forfeited upon such Termination; rather, the Achieved Performance Share Award shall vest immediately upon such Termination; and (iii) if the Participant's employment is terminated following attainment of Early Retirement Age, then a prorated portion of the Achieved Performance Share Award will vest, based upon the number of complete months worked during the original Performance Period in relation to the number of whole months in the original Performance Period and the remainder shall be forfeited. The Corporation's actual performance for the abbreviated Performance Period shall be calculated as follows: completed measurement periods shall be measured against the established Performance Goals and the performance criteria shall be deemed satisfied only to the extent the actual performance was achieved; and incomplete measurement periods shall be deemed achieved at the established target Performance Goal.

5. **Vesting:** To vest in this Performance Share Award, the Participant must continue as an active employee of an Employing Company during the Performance Period and through the date on which the Committee certifies whether the Performance Goal relating to the Performance Period has been achieved, subject to the following:

- (a) In the event of a Termination of the Participant's employment due to death or becoming Disabled, the Performance Share Award will become vested in accordance with the following Schedule:

Termination	Vested Percentage
During First Year of Performance Period	0%
During Second Year of Performance Period	50%
During Third Year of Performance Period	100%

- (b) The Performance Share Award will immediately vest upon the Participant's attainment of Normal Retirement Age.

(c) The Performance Share Award will vest based upon the number of complete months worked by the Participant during the Performance Period, in the event of a Participant's termination of employment during the Performance Period on or after attainment of Early Retirement Age or under circumstances which would qualify the Participant for benefits under a severance plan of the Corporation.

(d) The Performance Share Award will be forfeited automatically upon any other Termination of employment (including but not limited to any voluntary termination by the Participant or any Termination by the Corporation or the Employing Company for Cause or without Cause) prior to the date on which the Committee certifies whether the Performance Goal relating to the Performance Period has been achieved, such forfeiture being without consideration or without further action required of the Corporation or Employing Company.

6. **Termination of Employment:** Notwithstanding any other terms or conditions of the Plan or this Agreement to the contrary, in the event of the Participant's Termination of employment, regardless of the reason for such Termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any, the Participant's rights under this Agreement will terminate effective as of the date that the Participant is no longer actively employed by an Employing Company and will not be extended by any notice period. For purposes of the Performance Share Award, active employment does not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any. The Committee shall have the exclusive discretion to determine when the Participant is no longer actively employed for purposes of the Performance Share Award.

7. **Adjustments and Recoupment:** The Target and Maximum number of Shares are subject to adjustment as provided in Section 8 of the Plan. The Participant shall be notified of such adjustment and such adjustment shall be binding upon the Corporation and the Participant. Consistent with Section 8 of this Agreement, this Award shall be administered in accordance with, and is subject to, any recoupment policies and provisions prescribed by the Plan at the time of such Award; notwithstanding the foregoing, this Award shall be subject to all recoupment provisions required by law from time to time. In its sole discretion, the Committee shall have the authority to amend, waive or apply the terms of any recoupment policies or provisions not required by law, in whole or in part, to the extent necessary or advisable to comply with applicable local laws, as determined by the Committee.

8. **Interpretation and Amendments:** This Award and the issuance, vesting and delivery of Shares are subject to, and shall be administered in accordance with, the provisions of the Plan. No amendment of this Agreement or the Plan may, without the consent of the Participant, affect the rights of the Participant under this Award in a materially adverse manner. For purposes of the foregoing sentence, an amendment that affects the tax treatment of the Performance Share Award or that is necessary to comply with securities or other laws applicable to the issuance of Shares shall not be considered as affecting the Participant's rights in a materially adverse manner. In the event of a conflict between the Plan and this Agreement, unless this Agreement specifies otherwise, the Plan shall control. All capitalized terms not otherwise defined herein shall have the meaning assigned to such terms in the Plan.

9. **Compliance with Laws:** The obligations of the Corporation and the rights of the Participant are subject to all applicable laws, rules and regulations including, without limitation, the U.S. Securities Exchange Act of 1934, as amended; the U.S. Securities Act of 1933, as amended; the U.S. Internal Revenue Code of 1986, as amended; and any other applicable laws, whether U.S. origin or otherwise. No Shares will be issued or delivered to the Participant under the Plan unless and until there has been compliance with such applicable laws.

10. **Acceptance of Award:** The Award shall not be payable unless it is accepted by the Participant and notice of such acceptance is received by the Corporation.

11. **Taxes/Section 409A:** The Participant acknowledges that, regardless of any action taken by the Corporation or the Employing Company, the ultimate liability for any or all income tax, social security, payroll tax, payment on account or other tax-related withholding or liability in connection with any aspect of the Performance Share Award, including the grant, vesting, or settlement of the Performance Share Award or the subsequent sale of Shares ("Tax-Related

Items”) is and remains his or her responsibility and may exceed the amount withheld by the Corporation or the Employing Company. Furthermore, the Participant acknowledges that the Corporation and/or the Employing Company (a) make no representations or undertakings regarding the treatment of any Tax-Related Items; and (b) do not commit to and are under no obligation to structure the terms of the grant of the Performance Share Award or any aspect of the Participant’s participation in the Plan to reduce or eliminate his or her liability for Tax-Related Items or to achieve any particular tax result. Further, if the Participant has become subject to Tax-Related Items in more than one jurisdiction between the Date of Grant and the date of any relevant taxable event, the Participant acknowledges that the Corporation and/or the Employing Company (or former Employing Company, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable event, the Participant shall pay or make adequate arrangements satisfactory to the Corporation and/or the Employing Company to satisfy all Tax-Related Items of the Corporation and/or the Employing Company. In this regard, the Participant shall pay any Tax-Related Items directly to the Corporation or the Employing Company in cash upon request. In addition, the Participant authorizes the Corporation and/or the Employing Company, or their respective agents, at their discretion, to satisfy the obligations with regard to all applicable Tax-Related Items by one or a combination of the following methods: (1) withholding from Participant’s wages or other cash compensation paid to Participant by the Corporation and/or the Employing Company; (2) withholding from proceeds of the sale of Shares issued upon payment of the Performance Share Award either through a voluntary sale or through a mandatory sale arranged by the Corporation (on the Participant’s behalf pursuant to this authorization) through such means as the Corporation may determine in its sole discretion (whether through a broker or otherwise); or (3) withholding in Shares to be issued upon payment of the Performance Share Award. If the Corporation gives the Participant the power to choose the withholding method, and the Participant does not make a choice, then the Corporation will at its discretion withhold in Shares as stated in alternative (3) herein.

To avoid negative accounting treatment, the Corporation may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates. If the Corporation withholds at a rate other than the minimum statutory rate, such as the maximum withholding rate, then the refund of any over-withheld amount shall be paid in cash and the Participant will have no entitlement to the Common Stock equivalent. If the Tax-Related Items are satisfied by withholding in Shares issuable upon vesting of the Performance Share Award, for tax purposes, the Participant is deemed to have been issued the full number of Shares subject to the Performance Share Award, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items. Finally, the Participant shall pay to the Corporation or the Employing Company any amount of Tax-Related Items due as a result of any aspect of the Participant’s participation in the Plan. The Participant understands that no Shares or proceeds from the sale of Shares shall be delivered to Participant, notwithstanding the vesting of the Performance Share Award, unless and until the Participant shall have satisfied any obligation for Tax-Related Items with respect thereto.

Notwithstanding anything in this Section 11 to the contrary, if the Performance Share Award is considered nonqualified deferred compensation, the fair market value of the shares withheld together with the amount of cash withheld may not exceed the liability for Tax-Related Items.

It is the intent that the vesting or the payments of this Performance Share Award shall either qualify for exemption from or comply with the requirements of Section 409A of the Code (“Section 409A”), and any ambiguities herein will be interpreted to so comply. The Corporation reserves the right, to the extent the Corporation deems necessary or advisable in its sole discretion, to unilaterally amend or modify this Agreement as may be necessary to ensure that all vesting or settlements provided under this Agreement are made in a manner that qualifies for exemption from or complies with Section 409A; provided, however, that the Corporation makes no representation that the vesting or settlement of the Performance Share Award provided under this Agreement will be exempt from Section 409A and makes no undertaking to preclude Section 409A from applying to the vesting or settlement of Performance Share Awards provided under this Agreement. In the event that any payment to a U.S. taxpayer or Participant otherwise subject to U.S. taxation, with respect to a Performance Share Award is considered to be based upon separation from service, and not compensation the Participant could receive without separating from service, then such amounts may not be paid until the first business day of the seventh month following the date of the Participant’s termination if the Participant is a “specified employee” under Section 409A of the Code upon his separation from service.

12. Nature of the Award: Nothing herein shall be construed as giving Participant any right to be retained in the employ of an Employing Company or affect any right that the Employing Company may have to terminate the employment of such Participant. Further, by accepting this Performance Share Award, the Participant acknowledges that:

- (a) the Plan is established voluntarily by the Corporation, it is discretionary in nature and may be modified, amended, suspended or terminated by the Corporation at any time, to the extent permitted by its terms;
- (b) the grant of the Performance Share Award is voluntary and occasional and does not create any contractual or other right to receive future Performance Awards, or benefits in lieu of Performance Awards, even if Performance Awards have been granted in the past;
- (c) all decisions with respect to future Performance Award grants, if any, will be at the sole discretion of the Committee;
- (d) the Participant is voluntarily participating in the Plan;
- (e) the Performance Share Award and the Shares subject to the Performance Share Award are extraordinary items which do not constitute compensation of any kind for services of any kind rendered to the Corporation or to the Employing Company, and which are outside the scope of the Participant’s employment contract, if any;
- (f) the Performance Share Award and the Shares subject to the Performance Share Award are not part of normal or expected compensation or salary for purposes of calculating any severance, resignation, termination, dismissal, redundancy, end-of-service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Corporation or the Employing Company or any Subsidiary or affiliate of the Corporation;
- (g) the Performance Share Award and the Shares subject to the Performance Share Award are not intended to replace any pension rights or compensation;
- (h) the grant of the Performance Share Award will not be interpreted to form an employment contract or relationship with the Corporation, the Employing Company or any Subsidiary or affiliate of the Corporation;
- (i) the future value of the Shares underlying the Performance Share Award is unknown, indeterminable and cannot be predicted with certainty;
- (j) no claim or entitlement to compensation or damages arises from forfeiture of the Performance Share Award resulting from termination of the Participant’s employment by the Corporation or the Employing Company (for any reason whether or not in breach of applicable labor laws or the terms of the Participant’s employment agreement, if any), and in consideration of the grant of the Performance Share Award to which the

Participant is not otherwise entitled, the Participant irrevocably agrees never to institute any claim against the Corporation or the Employing Company, waives his or her ability, if any, to bring any such claim, and releases the Corporation and the Employing Company from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Participant shall be deemed irrevocably to have agreed not to pursue such claim and agreed to execute any and all documents necessary to request dismissal or withdrawal of such claim;

- (k) it is the Participant's sole responsibility to investigate and comply with any applicable exchange control laws in connection with the issuance and delivery of Shares pursuant to the vesting of the Performance Share Award;
- (l) the Corporation and the Employing Company are not providing any tax, legal or financial advice, nor are the Corporation or the Employing Company making any recommendations regarding the Participant's participation in the Plan or the Participant's acquisition or sale of the Shares underlying the Performance Share Award;
- (m) the Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan;
- (n) unless otherwise provided in the Plan or by the Corporation in its discretion, the Performance Share Award and the benefits evidenced by this Agreement do not create any entitlement to have the Performance Share Award or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares of the Corporation; and
- (o) the following provisions apply only if the Participant is providing services outside the United States:
  - (i) the Performance Share Award and Shares underlying the Performance Share Award are not part of normal or expected compensation for any purpose; and
  - (ii) the Participant acknowledges and agrees that neither the Corporation nor the Employing Company shall be liable for any foreign exchange rate fluctuation between the local currency and the United States Dollar that may affect the value of the Performance Share Award or of any amounts due to the Participant pursuant to the settlement of the Performance Share Award or the subsequent sale of any Shares acquired upon settlement.

13. Data Privacy:

(a) The Participant hereby explicitly, unambiguously and voluntarily consents to the collection, use, disclosure and transfer, in electronic or other form, of his or her personal data as described in this Agreement and any other Performance Share Award materials ("Data") by and among, as applicable, any Employing Company and the Corporation for the exclusive purpose of implementing, administering, and managing his or her participation in the Plan.

(b) The Participant understands that any Employing Company and the Corporation may collect, maintain, process and disclose certain personal information about him or her, including, but not limited to, his or her name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Corporation, details of all equity awards or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in his or her favor, for the exclusive purpose of implementing, administering, and managing the Plan.

(c) The Participant acknowledges that Data will be transferred to any broker as designated by the Corporation and/or one or more stock plan service provider(s) selected by the Corporation, which may assist the Corporation with the implementation, administration and management of the Plan. The Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipient's country (e.g., the United States) may have different, including less stringent, data privacy laws and protections than his or her country. The Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Participant authorizes the Corporation and any other possible recipients that may assist the Corporation (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing his or her participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Participant may elect to deposit any Shares acquired upon vesting of the Performance Share Awards.

(d) The Participant understands that Data will be held only as long as is necessary to implement, administer and manage his or her participation in the Plan, including to maintain records regarding participation. The Participant understands that if he or she resides in certain jurisdictions, to the extent required by applicable laws, he or she may, at any time, request access to Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents given by accepting these Performance Share Awards, in any case without cost, by contacting in writing his or her local human resources representative. Further, the Participant understands that he or she is providing these consents on a purely voluntary basis. If the Participant does not consent or if he or she later seeks to revoke his or her consent, his or her engagement as a service provider with any Employing Company and the Corporation will not be adversely affected; the only consequence of refusing or withdrawing his or her consent is that the Corporation will not be able to grant him or her Performance Share Awards under the Plan or administer or maintain Performance Share Awards. Therefore, the Participant understands that refusing or withdrawing his or her consent may affect his or her ability to participate in the Plan (including the right to retain these Performance Share Awards). The Participant understands that he or she may contact his or her local human resources representative for more information on the consequences of his or her refusal to consent or withdrawal of consent.

14. Electronic Delivery: The Corporation may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means or request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Corporation or another third party designated by the Corporation. Such means of electronic delivery may include but do not necessarily include the delivery of a link to a Corporation intranet or the Internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other means of electronic delivery specified by the Corporation. The Participant consents to the electronic delivery of the Plan documents and the Agreement. The Participant acknowledges that he or she may receive from the Corporation a paper copy of any documents delivered electronically at no cost to the Participant by contacting the Corporation by telephone or in writing. The Participant further acknowledges that the Participant will be provided with a paper copy of any documents if

the attempted electronic delivery of such documents fails. Similarly, the Participant understands that the Participant must provide the Corporation or any designated third-party administrator with a paper copy of any documents if the attempted electronic delivery of such documents fails. The Participant may revoke his or her consent to the electronic delivery of documents or may change the electronic mail address to which such documents are to be delivered (if the Participant has provided an electronic mail address) at any time by notifying the Corporation of such revoked consent or revised e-mail address by telephone, postal service or electronic mail. Finally, the Participant understands that he or she is not required to consent to electronic delivery of documents.

15. Severability: In the event that any provision in this Agreement is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement.

16. Language: If the Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

17. Governing Law and Venue: This Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania, without regard to the conflicts of laws thereof. For purposes of litigating any dispute that arises under this grant or this Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the Commonwealth of Pennsylvania, and agree that such litigation shall be conducted in the courts of Allegheny County, Pennsylvania, or the federal courts for the United States for the Western District of Pennsylvania, where this grant is made and/or to be performed.

18. Exhibit B: Notwithstanding any provisions in this Agreement, the Performance Share Award shall be subject to any special terms and conditions set forth in Exhibit B to this Agreement for the Participant's country. Moreover, if the Participant relocates to one of the countries included in Exhibit B, the special terms and conditions for such country will apply to the Participant, to the extent the Corporation determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan.

19. Insider Trading Restrictions/Market Abuse Laws: The Participant acknowledges that, depending on the Participant's country of residence, the Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect the Participant's ability to acquire or sell Shares or rights to Shares (e.g., Performance Share Awards) under the Plan during such times as the Participant is considered to have "inside information" regarding the Corporation (as defined by any applicable laws in the Participant's country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy maintained by the Corporation. The Participant acknowledges that it is the Participant's responsibility to comply with any applicable restrictions, and the Participant is advised to speak to his or her personal advisor on this matter.

20. Imposition of Other Requirements: The Corporation reserves the right to impose other requirements on the Participant's participation in the Plan, on the Performance Share Award and on any Shares acquired under the Plan, to the extent the Corporation determines it is necessary or advisable in order to comply with local law, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

21. Headings: Headings of paragraphs and sections used in this Agreement are for convenience only and are not part of this Agreement, and must not be used in construing it.

22. Waiver: The Participant acknowledges that a waiver by the Corporation of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Participant.

23. Definitions: In addition to the capitalized terms defined in the Plan, the following terms as used herein shall have the following meanings when used with initial capital letters:

- (a) "Early Retirement Age" shall mean the Participant's (1) attainment of age 55 and completion of ten (10) years of service with the Corporation or an Employing Company, or (2) completion of thirty (30) years of service with the Corporation or an Employing Company.
- (b) "Normal Retirement Age" shall mean, with respect only to a Participant who is a U.S. employee and is not a participant in the United States Steel Corporation Supplemental Pension Program, the later of (1) six (6) months following the Date of Grant, or (2) the earlier of (i) attainment of age 65, or (ii) attainment or age 60 and completion of five (5) years of service with the Corporation or an Employing Company.
- (c) "Termination" shall mean the applicable employee's termination of employment. For purposes of this Agreement, (i) for U.S. taxpayers, Termination and words of similar effect shall be construed consistent with a "separation from service" under Section 409A of the Code to the extent required by Section 409A of the Code, and (ii) for non-U.S. taxpayers, Termination and words of similar effect shall mean that the Participant is no longer actively employed by an Employing Company, without regard to any notice period (i.e., active employment would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any).

## EXHIBIT A

### Performance Goals for the Performance Period

			Threshold	Target	Maximum
Performance Goal	U. S. Steel's TSR Performance Relative to Peer Group Companies				
Payment Levels	% of Target Number of Shares Subject to Award	0%	50%	100%	200%

**Payout Calculation.** Payout shall be based upon the Corporation's TSR compared to the TSR for the companies in the Peer Group using the PERCENTILE function in Microsoft Excel to determine the TSR value at the threshold, target, and maximum award levels.

- The payout shall be determined as follows: 20% of the Award based on the Annual TSR for each separate one-year measurement period in the three-year Performance Period and 40% of the Award based on the Annualized TSR for the measurement period consisting of the full three-year Performance Period. All payouts shall be made following the end of the Performance Period in accordance with Section 2 of the Agreement.
- Interpolation will be used to determine the payout for the actual awards for performance that correlates to an award between threshold and target or target and maximum award levels.
- In calculating the number of shares to be awarded, the Corporation's TSR shall be rounded to the nearest hundredth of a percent, rounding up if the thousandth's place is 5 or more and truncating if the thousandth's place is 4 or less. The related payout rate also shall be calculated to the nearest hundredth's place using the same rounding procedure. Additionally, the calculated number of shares shall be rounded to the nearest whole share, rounding up if the fractional share is 5 tenths or more and truncating the fractional share if it is less than 5 tenths.
- Payout of the TSR Awards shall be capped as shown in the table below based on the Corporation's Annualized TSR for the three-year Performance Period (calculated without regard to the separate one-year measurement periods). The limitations below shall not apply in the event of a Change in Control.

**Negative TSR Cap**

Corporation's 3-Year Annualized TSR	Payout Cap
	Target
	Threshold
	No Payout

**Definitions.**

- Annual TSR = (Final Price + all dividends paid during the applicable measurement period)/Initial Price.
- Annualized TSR = ((Final Price + all dividends paid during the relevant Performance Period)/Initial Price)<sup>(1/3)</sup>-1.
- Initial Price = the Average Measurement Period Price for the 20 business days prior to the first business day of the applicable measurement period.
- Final Price = the Average Measurement Period Price for the 20 business days ending on the last business day of the applicable measurement period or, in the event of a Change in Control, the closing price on the business day immediately preceding the closing date of the Change in Control.
- Average Measurement Period Price = the average of the closing stock price for each of the 20 days during a specified 20 business day period.
- Stock prices may be determined using (a) any reputable online stock-quote service, such as Yahoo! Finance or Bloomberg, or (b) the financial pages of The Wall Street Journal.

**Peer Group:**

AK Steel Holding Corporation	Olympic Steel Inc.
Allegheny Technologies Inc.	Reliance Steel & Aluminum Co.
Carpenter Technology Corp.	Schnitzer Steel Industries, Inc.
Cleveland-Cliffs Inc.	Steel Dynamics Inc.
Commercial Metals Company	Timken Steel Corporation
Nucor Corporation	Worthington Industries Inc.

**Peer Group Adjustments.** At the commencement of the Performance Period, the Committee may determine that specific guidance be considered in connection with possible adjustments to the Peer Group, to include U. S. Steel should the circumstances arise, involved in the calculation of the Corporation's comparative performance with respect to the Performance Goals during the Performance Period. Any such determination will be in addition to, or will amend if it conflicts with, the following guidelines, which will be used in connection with the calculation:

- (a) If a Peer Group Company becomes bankrupt, the bankrupt company will remain in the Peer Group positioned at one level below the lowest performing non-bankrupt Peer Group Company. In the case of multiple bankruptcies, the bankrupt companies will be positioned below the non-bankrupt companies in chronological order by bankruptcy date with the first to be bankrupt at the bottom.
- (b) If a Peer Group Company is acquired by another company or entity, including through a management buy-out or going-private transaction, the acquired Peer Group Company will be removed from the Peer Group for the Performance Period; provided that if the acquired company became bankrupt prior to its acquisition it shall be treated as provided in paragraph (a), above, or if it shall become delisted according to paragraph (e), below, prior to its acquisition it shall be treated as provided in paragraph (e).
- (c) If a Peer Group Company sells, spins-off, or disposes of a portion of its business, the selling Peer Group Company will remain in the Peer Group for the Performance Period unless such disposition(s) results in the disposition of more than 50% of the company's total assets during the Performance Period.
- (d) If a Peer Group Company acquires another company, the acquiring Peer Group Company will remain in the Peer Group for the Performance Period.
- (e) If a Peer Group Company is delisted from either the New York Stock Exchange (NYSE) or the National Association of Securities Dealers Automated Quotations (NASDAQ) such that it is no longer listed on either exchange, such delisted Peer Group Company will remain in the Peer Group positioned at one level below the lowest performing listed company and above the highest ranked bankrupt Peer Group Company. In the case of multiple delistings, the delisted companies will be positioned below the listed and above the bankrupt companies in chronological order by delisting date with the first to be delisted at the bottom of the delisted companies. If a delisted company shall become bankrupt, it shall be treated as provided in paragraph (a), above. If a delisted company shall be later acquired, it shall be treated as a delisted company under this paragraph. If a delisted company shall relist during the Performance Period, it shall remain in its relative delisted position determined under this paragraph.
- (f) If the Corporation's and/or any Peer Group Company's stock splits, such company's TSR performance will be adjusted for the stock split so as not to give an advantage or disadvantage to such company by comparison to the other companies, using the principles set forth in Section 8 of the LTI Plan.
- (g) The adjustments described above shall be applied to each one-year measurement period. Any such adjustment shall not affect the Peer Group for any measurement period completed prior to the occurrence of the adjustment.

## **EXHIBIT B**

### **Additional Terms and Conditions of the United States Steel Corporation 2016 Omnibus Incentive Compensation Plan Performance Share Award Grant Agreement**

#### **TERMS AND CONDITIONS**

This Exhibit B includes additional terms and conditions that govern the Performance Share Award granted to the Participant under the Plan if he or she works or resides in one of the countries listed below. If the Participant is a citizen or resident of a country other than that in which the Participant is currently working or transfers employment to another country after the Performance Share Award is granted, the Corporation shall, in its discretion, determine to what extent the terms and conditions contained herein shall be applicable to the Participant. Certain capitalized terms used but not defined in this Exhibit B have the meanings set forth in the Plan and/or the Agreement.

#### **NOTIFICATIONS**

This Exhibit B also includes information regarding exchange controls and certain other issues of which the Participant should be aware with respect to participation in the Plan. The information is based on the laws in effect in the applicable countries as of February 2018. Such laws are often complex and change frequently. As a result, the Corporation strongly recommends that the Participant not rely on the information in this Exhibit B as the only source of information relating to the consequences of his or her participation in the Plan because the information may be out of date at the time that the Participant vests in the Performance Share Award or sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant's particular situation, and the Corporation is not in a position to assure the Participant of a particular result. Accordingly, the Participant is advised to seek appropriate professional advice as to how the relevant laws in his or her country may apply to the Participant's situation.

Finally, if the Participant is a citizen or resident of a country other than that in which the Participant is currently working or transfers employment to another country after the Performance Share Award is granted, the information contained herein may not be applicable.

#### **CANADA**

#### **TERMS AND CONDITIONS**

**Performance Share Award Payable Only in Shares.** Notwithstanding any discretion in the Plan or anything to the contrary in the Agreement, the grant of the Performance Share Award does not provide any right for the Participant to receive a cash payment in settlement of the Performance Share Award and the Performance Share Award is payable in Shares only.

**Securities Law Commitment on Sale of Shares.** As a condition of the grant of the Performance Share Award and the issuance of any Shares upon vesting of the Performance Share Award, the Participant undertakes to only sell, trade or otherwise dispose of any Shares issued to the Participant under the Plan in accordance with applicable Canadian securities laws. Under current laws, this means that the Participant will need to sell any Shares issued under the Plan using the services of a broker or dealer that is registered under Canadian provincial or territorial securities legislation. The Participant will not be permitted to sell, trade or otherwise dispose of his or her Shares through the Corporation's designated U.S. plan broker, Fidelity Investments, unless such sale, trade or disposal can be executed in accordance with applicable securities laws. As legal requirements may be subject to change, Participants are encouraged to seek specific advice about their individual situation before taking any action with respect to Shares issued to them under the Plan.

By accepting this Performance Share Award, the Participant expressly agrees that he or she will consult with a personal legal advisor to address any questions that may arise regarding compliance with this requirement. The Participant understands and agrees that he or she will be liable for any failure to comply with the foregoing provision.

**The following provisions will apply if the Participant is a resident of Quebec:**

**Language Consent.** The parties acknowledge that it is their express wish that the Agreement, this Exhibit B and all documents, notices, and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

*Consentement relatif à la langue utilisée: Les parties reconnaissent avoir exigé la rédaction en anglais de l'accord, cette pièce B, y ainsi que de tous documents, avis donnés et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement aux présentes.*

**Data Privacy.** This provision supplements Section 13 of the Agreement:

The Participant hereby authorizes the Corporation and the Employing Company and their respective representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. The Participant further authorizes the Corporation and any Subsidiary or affiliate and the Committee to disclose and discuss the Plan with their respective advisors. The Participant further authorizes the Corporation and any Subsidiary or affiliate to record such information and to keep such information in the Participant's employee file.

#### **NOTIFICATIONS**

**Foreign Asset/Account Reporting Information.** Canadian residents are required to report any foreign property (e.g., Shares acquired under the Plan and possibly Performance Share Awards) on form T1135 (Foreign Income Verification Statement) if the total cost of their foreign property exceeds C\$100,000 at any time in the year. It is Participant's responsibility to comply with these reporting obligations, and Participant is encouraged to consult his or own personal tax advisor in this regard.

#### **SLOVAK REPUBLIC**

#### **NOTIFICATIONS**

**Foreign Assets Reporting Information.** If the Participant permanently resides in the Slovak Republic and, apart from being employed, carries on business activities as an independent entrepreneur (in Slovakian, podnikateľ), the Participant will be obligated to report his or her foreign assets (including any foreign securities such as Shares acquired under the Plan) to the National Bank of Slovakia if the value of the foreign assets exceeds €2,000,000. These reports must be submitted on a monthly basis by the 15th day of the respective calendar month, as well as on a quarterly basis by the 15th day of the calendar month following the respective calendar quarter, using notification form DEV (NBS) 1-12, which may be found at the National Bank of Slovakia's website at [www.nbs.sk](http://www.nbs.sk).

Furthermore, if the above preconditions are met (i.e. permanent residence in the Slovak Republic and entrepreneurial activities in addition to the employment), the Participant will be obliged to report certain additional information under Section 34b of Act No. 566/1992 Coll. on National Bank of Slovakia as amended. This information is mostly of general nature and contains personal identification data of the Participant - place and date of birth, birth certificate number, academic degree, etc., as well as telephone and fax number and e-mail address of the Participant, if any.

**Securities Disclaimer.** The grant of the Performance Share Award is exempt from the requirement to publish a prospectus under the current securities rules applicable in the Slovak Republic.

#### **UNITED KINGDOM**

#### **NOTIFICATIONS**

**Securities Disclosure.** This Agreement is not an approved prospectus for the purposes of section 85(1) of the Financial Services and Markets Act 2000 ("FSMA") and no offer of transferable securities to the public (for the purposes of section 102B of FSMA) is being made in connection with the Plan. The Plan and the Performance Share Award are exclusively available in the UK to bona fide employees and former employees and any other UK subsidiary of the Corporation.

**Taxation.** The Performance Share Award is not intended to be qualified for purposes of taxation or National Insurance Contributions applicable in the United Kingdom.

#### **EUROPEAN UNION AND EUROPEAN ECONOMIC AREA**

For Participants who reside in the European Union or the European Economic Area, the following provisions replace the Data Privacy provisions in Section 13 of the Agreement.

(a) **Data Collected and Purposes of Collection** . The Participant understands that the Corporation, acting as controller, as well as the Employing Company, may collect, to the extent permissible under applicable law, certain personal information about the Participant, including name, home address and telephone number, information necessary to process the Performance Share Awards (e.g., mailing address for a check payment or bank account wire transfer information), date of birth, social insurance number or other identification number, salary, nationality, job title, employment location, any Shares or directorships held in the Corporation (but only where needed for legal or tax compliance), any other information necessary to process mandatory tax withholding and reporting, details of all Performance Share Awards granted, canceled, vested, unvested or outstanding in the Participant's favor, and where applicable service termination date and reason for termination (all such personal information is referred to as "**Data**"). The Data is collected from the Participant, any Employing Company and the Corporation, for the exclusive purpose of implementing, administering and managing the Plan pursuant to the terms of this Agreement. The legal basis (that is, the legal justification) for processing the Data is to perform this Agreement. The Data must be provided in order for the Participant to participate in the Plan and for the parties to this Agreement to perform their respective obligations thereunder. If the Participant does not provide Data, he or she will not be able to participate in the Plan and become a party to this Agreement.

(b) **Transfers and Retention of Data** . The Participant acknowledges and understands that the Employing Company will transfer Data to the Corporation for purposes of plan administration. The Employing Company and the Corporation may also transfer the Participant's Data to other service providers (such as accounting firms, payroll processing firms or tax firms), as may be selected by the Corporation in the future, to assist the Corporation with the implementation, administration and management of this Agreement. The Participant understands that the recipients of the Data may be located in the United States, a country that does not benefit from an adequacy decision issued by the European Commission and is not listed by the Swiss supervisory authority as a country with adequate data protection legislation. Where a recipient is located in a country that does not benefit from an adequacy decision or adequacy listing, the transfer of the Data to that recipient will be made pursuant to European Commission-approved standard contractual clauses when required by applicable law, a copy of which may be obtained by contacting [dataprotection@sk.uss.com](mailto:dataprotection@sk.uss.com) or [complianceofficer@uss.com](mailto:complianceofficer@uss.com). The Participant understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's rights and obligations under this Agreement, and for the duration of the relevant statutes of limitations, which may be longer than the term of this Agreement.

(c) **The Participant's Rights in Respect of Data** . The Corporation will take steps in accordance with applicable legislation to keep Data accurate, complete and up-to-date. The Participant is entitled to have any inadequate, incomplete or incorrect Data corrected (that is, rectified). The Participant also has the right to request access to his or her Data as well as additional information about the processing of that Data. Further, the Participant is entitled to object to the processing of Data or have the Participant's Data erased, under certain circumstances. As from May 25, 2018, and subject to conditions set forth in applicable law, the Participant also is entitled to (i) restrict the processing of his or her Data so that it is stored but not actively processed (e.g., while the Corporation assesses whether the Participant is entitled to have Data erased) and (ii) receive a copy of the Data provided pursuant to this Agreement or generated by the Participant, in a common machine-readable format. To exercise his or her rights, the Participant may contact the local human resources representative. The Participant may also contact the relevant data protection supervisory authority, as he or she has the right to lodge a complaint. The data protection officer may be contacted at [dataprotection@sk.com](mailto:dataprotection@sk.com).



**Administrative Procedures for the  
Executive Management Annual Incentive Compensation Plan  
under the United States Steel Corporation 2016 Omnibus Incentive Compensation Plan  
As approved by the Compensation & Organization Committee on February 26, 2019**

1. **Administration.** The Compensation & Organization Committee (the “Committee”) shall administer the Annual Incentive Compensation Plan (the “AICP”) under and pursuant to Section 3.01 of the United States Steel Corporation 2016 Omnibus Incentive Compensation Plan (the “Plan”). Unless otherwise defined herein, capitalized terms used herein shall have the meanings set forth in the Plan.
2. **Participation/Eligibility.** All management employees of the Corporation, its Subsidiaries and affiliates are eligible to participate in the AICP upon designation by the Committee, in the case of Covered Employees, or, in the case of other management employees, upon designation by the Chief Executive Officer.
  - A. **Executive Management.** All Executive Management employees (defined as those employees whose compensation is approved or reviewed by the Committee) of U. S. Steel, its subsidiaries and affiliates designated via written notice as participants are eligible to participate (“Eligible Employees” or “Participants”).
  - B. **New Participants.** A Participant who was not a Participant on the first day of the Performance Period may, subject to the Committee’s discretion, become a Participant during the Performance Period, participating on a pro rata basis for the remaining portion of the period in which such Participant first becomes eligible to participate, but shall be ineligible to participate in the AICP for any portion of a year during which the Participant participates in any other cash incentive or bonus plan or program.
  - C. **Rights.** No Participant or other employee shall have any claim to be granted an Award under the AICP, and nothing contained in the AICP or any Award Agreement shall confer upon any Participant any right to continue in the employ of the Corporation, its Subsidiaries or affiliates or interfere in any way with the right of the Corporation, its Subsidiaries or affiliates to terminate a Participant's employment at any time.
3. **Performance Period.** Unless otherwise determined by the Committee at the commencement of each Performance Period, each such Performance Period shall be a calendar year.
4. **Incentive Award Determination.**
  - A. **Incentive Award Goals.** Unless otherwise determined by the Committee, the Incentive Award Goals shall be the following objective measures:
    - (1) **Segment EBITDA and Total EBITDA.** Segment EBITDA shall mean, for the Performance Period, EBITDA for each business unit (reportable segments and other businesses). Total EBITDA shall mean, for the Performance Period, total EBITDA for consolidated worldwide operations (including minority interests). EBITDA for consolidated worldwide operations (including minority interests) shall mean income from operations as reported in the consolidated statements of operations of United States Steel Corporation, plus or minus the effect of items not allocated to segments (excluding postretirement benefit expenses) as disclosed in the notes to the consolidated financial statements of United States Steel Corporation, plus depreciation, depletion and amortization as reported in the consolidated statements of cash flows of United States Steel Corporation.
    - (2) **Cash Conversion Cycle.** The Cash Conversion Cycle (“CCC”) is calculated as Days Sales Outstanding plus Days Inventory Outstanding minus Days Payable Outstanding, which are defined as follows:
      - (a) Days Sales Outstanding =  $((\text{September 30, 2019 Accounts Receivable, net} + \text{December 31, 2019 Accounts Receivable, net}) / 2) / (4^{\text{th}} \text{ Quarter 2019 Net Sales} / 92)$
      - (b) Days Inventory Outstanding =  $((\text{September 30, 2019 Inventory} + \text{December 31, 2019 Inventory}) / 2) / (4^{\text{th}} \text{ Quarter 2019 Cost of Goods Sold} / 92)$
      - (c) Days Payable Outstanding =  $((\text{September 30, 2019 Accounts Payable} + \text{December 31, 2019 Accounts Payable}) / 2) / (4^{\text{th}} \text{ Quarter 2019 Cost of Goods Sold} / 92)$Accounts Receivable, net, Net Sales, Inventory, Accounts Payable and Cost of Goods Sold shall be determined in accordance with generally accepted accounting principles in the United States.
  - B. **Adjustments.** The Committee may make adjustments to the Incentive Award Goal calculations as determined by the Committee in its discretion. Unless otherwise determined by the Committee, the Incentive Award Goals will be adjusted as specified in Section 6.
  - C. **Setting of Individual Incentive Targets and Payout Scales.**
    - (1) The Individual Incentive Target, defined as a percentage of base salary (expressed for the Participant, grade level and/or position), and the Payout Scales for all levels of performance goals shall be set by the Committee.

- (2) The Individual Incentive Target shall be calculated by multiplying the designated target percentage by the actual base salary earned by the Participant during the relevant portions of the Performance Period.
- (3) The Payout Scale applied to all performance goals based on the actual performance achieved will determine the payout percent applied in the Incentive Award Formula under Section 5, subject to negative adjustment by the Committee.

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

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

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

## 5. Incentive Award Formula

A. Incentive Award Formula. The award for each Participant shall be calculated as follows: (Individual Incentive Target x Total Corporate Payout Percent) + (Individual Incentive Target x Individual Performance Payout Percent).

B. Total Corporate Payout Percent. Unless otherwise determined by the Committee when establishing the Incentive Award Goals, the weighting assigned to each of the corporate performance measures shall be as follows:

(1) Segment EBITDA/Total EBITDA. Segment EBITDA/Total EBITDA shall be weighted at 75% of the Total Corporate Payout Percent.

(2) Cash Conversion Cycle. CCC shall be weighted at 25% of the Total Corporate Payout Percent.

C. Individual Performance Payout Percent. The Individual Performance Payout Percent may range from -15% (representing performance that is below expectations) to 30% (representing performance that far exceeds expectations). Notwithstanding the foregoing, the Committee may determine that an Incentive Award shall be forfeited for performance that does not meet expectations.

D. Maximum Award Level. The maximum award shall be 230% of the Individual Incentive Target value with achievement of the highest level of performance for the Segment EBITDA, Total EBITDA, CCC, and individual performance goals.

## 6. Incentive Goal Adjustments

A. Adjustments to Segment EBITDA, Total EBITDA and CCC Goals. The following adjustment provisions shall be applied to the Segment EBITDA, Total EBITDA and CCC performance calculations (to the extent included in such amount):

- (1) exclude the gain or loss related to a business disposition or divestiture (whether or not completed during the Performance Period) and all amounts related to a permanent facility shutdown/closure in order to evaluate operational performance in the case of a business disposition, divestiture, or a permanent facility shutdown/closure, the incentive goal targets shall exclude amounts included in the Annual Operating Plan for the period of time after the date of the transaction and actual results will then be evaluated against the adjusted targets;
- (2) exclude the gain or loss related to an asset sale not made in the ordinary course of business;
- (3) exclude all amounts related to long-lived asset impairments;
- (4) exclude all amounts related to an acquisition or startup (defined as the startup of a previously closed facility or the startup of a new facility);
- (5) exclude all amounts related to workforce reductions and other restructuring charges;

- (6) exclude amounts not allocated to segments;
- (7) exclude all amounts related to changes in accounting standards and changes in law that affect reported results;
- (8) exclude significant amounts related to decisions made for the long-term benefit of the enterprise that will unfavorably impact short-term financial results (all amounts related to this adjustment must be specifically approved by the Committee);
- (9) provided, however, none of the above adjustments shall be made to the extent the events or occurrences relating to the adjustments are recognized and/or contemplated in the Corporation's Annual Operating Plan and the incentive goal targets approved by the Committee for the relevant Performance Period;
- (10) provided, further, no adjustment pursuant to any adjustment category above shall be made to the extent the total adjustment for such category is less than \$10 million, unless specifically identified as an item not allocated to segments;
- (11) provided, further, all the above adjustments shall be calculated in accordance with generally accepted accounting principles at the time of calculation to the extent the nature of the adjustment is addressed therein;
- (12) provided, further, none of the above adjustments shall be made to the extent the relevant data is not available;
- (13) provided, further, the Segment EBITDA, Total EBITDA and CCC calculations, including all adjustments thereto, shall be determined at the time the Committee makes its award decisions and in accordance with the reporting requirements applicable to the Corporation's reports on Forms 10-K; and
- (14) provided, further, the above adjustments shall not limit the Committee's authority to exercise negative discretion in calculating any related award.

B. Adjustments between Segments. Adjustments to the actual Segment EBITDA results shall be made for the purposes of measuring the achievement of performance goals in the event that business decisions are made during the year that are not anticipated in the Annual Operating Plan Target Segment EBITDA and that disadvantage the results of one business Segment in favor of another Segment for the benefit of overall Corporate objectives. The amount of the adjustment will be equal to the impact on the segment recognizing the detriment;

- (1) provided, however, no adjustment shall be made to the Segment EBITDA calculation to the extent the total adjustment related to the business decision is less than \$5 million;
- (2) provided, further, the positive adjustment to the reporting segment which recognized the detriment in the actual results due to the business decision shall be offset by a corresponding negative adjustment to the reporting segment which recognized the benefit, unless the equal and offsetting adjustments do not properly reflect the economics of the transaction and the benefit provided to the enterprise as a whole;
- (3) provided, further, all adjustment between segments will be determined by the Vice President & Controller and will be reported to the Committee at the time final performance results are approved; and
- (4) provided, further, the adjustments between segments shall not limit the Committee's authority to exercise negative discretion in calculating any related award.

## 7. Payout Mechanics.

### A. Payout Determination.

- (1) Evaluation. The Committee shall determine the extent to which the Incentive Award Goals for the Performance Period were satisfied following the end of the relevant Performance Period and if satisfied, determine the amount of the Incentive Award payable to each Participant.
- (2) Calculation.
  - (a) Rounding Performance Calculations. The calculation of actual performance for each performance measure in the Incentive Award Formula, as well as each component payout percentage in the Incentive Award Formula, shall be rounded to the nearest decimal place consistent with the number of decimal places approved by the Committee at the time it set the relevant target, rounding up in the case of 5 or more and rounding down in the case of 4 or less.
  - (b) Interpolation. Interpolation will be used to determine an Incentive Award for performance that correlates to performance between the pre-determined Segment EBITDA, Total EBITDA and CCC Performance Goals. The interpolated payout percentages for Segment EBITDA, Total EBITDA and CCC shall be rounded independently to the nearest whole percentage point, rounding up in the case of 5 or more and rounding down in the case of 4 or less.
  - (c) Maximum Award. No one Participant may receive more than \$20 million in Incentive Awards for any one calendar year, as provided in the Plan.

B. Form of Payout.

- (1) Cash and/or Common Stock. The Committee may determine to pay the awards in the form of cash or common stock, or any combination thereof, which determination may be made on a non-uniform basis among Participants.
  - (2) Common Stock Awards. The determination to pay awards in the form of common stock shall be a determination to satisfy the award through shares available under the Plan and treat such payment as an Other Stock-Based Award.
  - (3) Award Unit Determination Procedure. If the Committee determines to pay all or a portion of an award in the form of common stock, the value of such award, or portion thereof, under the AICP shall be converted into a number of shares of common stock by dividing (i) the value of such award, or portion thereof, by (ii) the Common Stock Unit Value, which is to be determined as follows:
    - (a) Common Stock Unit Value. The Common Stock Unit Value shall be equal to the Fair Market Value (as defined in Section 2.01(r) of the Plan) of a share of common stock on the date of award (Date of Award). The Date of Award shall be established prospectively by the Committee at the time it determines the award, with the goal of setting the date close in proximity to the related payroll processing date for awards under the Plan. Unless otherwise established by the Committee, the Date of Award shall be the day prior to the date the Corporation files its report on Form 10-K with the Securities and Exchange Commission for the period ending on the last date of the relevant Performance Period.
  - (4) Netting of Common Stock Shares. To the extent permitted under the Plan and unless otherwise determined by the Committee or an election with respect to a different medium of payment is offered to and elected by a Participant in accordance with procedures approved by the Company, the shares of common stock delivered in connection with any common stock award under the AICP shall be net of any tax withholding obligation.
8. Timing of Payments. Unless otherwise determined by the Committee in its discretion, payment of Annual Incentive Compensation, if any, under the AICP with respect to any Performance Period will be paid following the Committee's determination of such Incentive Award and following the date the Corporation files its report on Form 10-K with the Securities and Exchange Commission for the period ending on the last date of relevant Performance Period; provided, however, the payment of any such award shall be paid on or before March 15 of the year following the end of the relevant calendar year Performance Period.
9. Termination of Employment. The following provisions apply in the case of a Participant's termination of employment during the Performance Period:
- A. Retirement, Death, or Disability. Following a Participant's Retirement, Death or Disability, a prorated value of such Participant's Award may be awarded by the Committee based upon the base salary earned during the Performance Period; provided that (i) such Award is calculated and delivered following the relevant Performance Period, (ii) the performance goals are achieved, (iii) the Participant is employed for at least six (6) months during the Performance Period unless otherwise determined by the Committee, and (iv) the Committee retains its negative discretion with respect to such awards.
- (1) Retirement. Retirement shall mean, for all purposes under the AICP, the applicable Participant's termination of employment that constitutes a separation from service under Section 409A of the Code after having (i) completed 30 years of service, (ii) attained age 60 with five (5) years of service or (iii) attained age 65; provided, however, such term does not include, unless the Committee consents with knowledge of the specific facts, retirement under circumstances in which the Participant accepts employment with a company that owns, or is owned by, a business that competes with the Corporation, or its Subsidiaries or affiliates. Further, to the extent necessary under applicable local law, Retirement may have such other meaning adopted by the Committee and set forth in the applicable Award notice .
  - (2) Disability. Disability shall mean the Participant is "Disabled" as defined in Section 2.01(n) of the Plan.
- B. Resignation and Other Terminations. Following a Participant's resignation or other termination of employment (including but not limited to any voluntary termination by the Participant or any termination by the Corporation for Cause or without Cause), all pending Incentive Awards are forfeited.
10. Forfeiture and Repayment. The Committee may determine that an Incentive Award shall be forfeited and/or any value received from the Incentive Award shall be repaid to the Corporation pursuant to any recoupment policies, rules or regulations in effect at the time of the Incentive Award.

**UNITED STATES STEEL CORPORATION**  
**NON TAX-QUALIFIED RETIREMENT ACCOUNT PROGRAM**  
**Effective December 31, 2006, Amended and Restated Effective January 1, 2019**

**1. History and Purpose**

United States Steel Corporation (the "Corporation") established the United States Steel Corporation Non Tax-Qualified Retirement Account Program (the "Program"), and hereby amends and restates the Program effective January 1, 2019, as set forth herein with respect to participation and benefits on and after such date. The Program was previously amended to comply with section 409A of the Internal Revenue Code of 1986, as amended (the "Code").

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

**2. Eligibility**

Except as otherwise provided herein, an individual is a "Member" of the Program if he or she is a participant in the Savings Plans and is not permitted to receive Retirement Account contributions to the Savings Plans at least equal to the maximum rate of Retirement Account contributions applicable to his or her age because of the limitations under the Code listed in section 3 below.

**3. Amount of Benefits**

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

(a) Contributions to the Non Tax-Qualified Retirement Account

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

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

Participants in the Savings Fund Plan

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

Participants in the Tubular Plan – Crediting Rate is 4%

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

Any amount credited to a Member's Account will be subject to the requirements and limitations of Code section 409A and the Treasury Regulations thereunder.

(b) Investment Earnings in the Non Tax-Qualified Retirement Account

A Member's Account shall be credited with investment earnings in the same manner as if the balance in the Account had been invested in the default investment fund under the Savings Plan applicable to the Member.

**4. Form of Benefit and Timing of Distribution**

A Member shall be eligible to receive a distribution of his or her Account under the Program if the Member retires or otherwise terminates employment from the Employer after completing three years of continuous service as defined in the Savings Plans. Notwithstanding the foregoing, a Member's Account shall be payable (i) on account of death, (ii) upon an involuntary termination of employment under circumstances which would qualify the Member for benefits under a severance plan maintained by the Corporation, or (iii) upon a termination of employment with the consent of the Corporation.

(a) Lump Sum Distribution and Annuity Option for Benefits Accruing Through August 31,

2013

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

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

Monthly annuity payments shall be calculated using reasonable actuarial assumptions uniformly applied as determined by the Plan Administrator (as defined in section 5(a) below), by dividing the employee's accrued benefits as of the most recent valuation date by their life expectancy per the applicable mortality table under the Corporation's tax-qualified pension plan (i.e., the United States Steel Corporation Plan for Employee Pension Benefits (Revision of 2003)), and adjusted annually to reflect any investment earnings. The same reasonable actuarial assumptions and methods will be used in valuing each annuity payment option, in determining whether the payments are actuarially equivalent.

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

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

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

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

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

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

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

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

(c) Delay in Payment to Specified Employees

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

(d) Full and Final Settlement

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

(e) Termination of Employment

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

## 5. General Provisions

### (a) Administration

The United States Steel and Carnegie Pension Fund shall be the "Plan Administrator" and named fiduciary with respect to the administration of the Program. The Plan Administrator shall have full discretion and authority to decide all questions arising out of and relating to the administration of this Program. The decision of the Plan Administrator shall be final and conclusive as to all questions of interpretation and application of the Program.

### (b) Amendment or Termination of Program

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

### (c) No Guarantee of Employment

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

### (d) Nonalienation

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

### (e) No Requirement to Fund

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

### (f) Controlling Law

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

### (g) Severability

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

### (h) Exclusive Provisions of Program

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

### (i) Code Section 409A

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

### (j) Withholding

The Employer is authorized to withhold from any payment due under the Program an amount necessary to satisfy the tax withholding obligations that arise in connection with such payment or the payment of any other compensation by an Employer to the Member outside of the Program.

## 6. Claims and Appeals

### Procedures

All claims for benefits under the Program must be filed with the Plan Administrator within one year after the Member's termination of employment with the Employer.

If a claim is wholly or partially denied, the Plan Administrator shall notify the claimant of the adverse benefit determination within 90 days after receipt of the claim, unless the Plan Administrator determines that special circumstances require an extension of time for processing the claim. If the Plan Administrator determines that an extension is required, written notice of the extension shall be furnished to the claimant prior to the termination of the initial 90-day period. In no event shall such extension exceed a period of 90 days from the end of such initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Plan expects to render the benefit determination.

The Plan Administrator shall provide a claimant with written or electronic notification of any adverse benefit determination. All notifications of adverse benefit determination shall set forth:

- (a) The specific reason or reasons for the adverse determination;

- (b)Reference to the specific provisions of the Program on which the determination is based;
- (c)A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and
- (d)A description of the review procedures under the Program and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under Section 502(a) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") following an adverse benefit determination on final review.

If a claim for benefits is denied, the claimant may within 60 days after receipt of the denial appeal in writing to the Vice President – Administration, United States Steel and Carnegie Pension Fund, 600 Grant Street, Room 1600, Pittsburgh, Pennsylvania 15219-2800. If a claimant fails to file a request for review within the 60-day time limit and in the manner specified above, the claimant shall thereafter be barred from again asserting such claim.

In connection with an appeal of an adverse benefit determination, the claimant may submit written comments, documents, records, and other information relating to the claim for benefits. All comments, documents, records and other information submitted by the claimant relating to the claim shall be taken into account, without regard to whether such information was submitted or considered in the initial benefit determination. A claimant shall be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits.

A claimant shall be notified of the benefit determination on review no later than 60 days after receipt of the claimant's request for review by the Plan Administrator, unless the Vice President – Administration determines that special circumstances require an extension of time for processing the claim. If it is determined that an extension is required, written notice of the extension shall be furnished to the claimant prior to the termination of the initial 60-day period. In no event shall such extension exceed a period of sixty 60 days from the end of such initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Plan Administrator expects to render the determination on review.

A claimant shall be provided with written or electronic notification of a Plan Administrator's benefit determination on appeal. In the case of an adverse benefit determination, the notification shall set forth:

- (a)The specific reason or reasons for the adverse determination;
- (b)Reference to the specific provisions of the Program on which the benefit determination is based;
- (c)A statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits; and
- (d)A statement of the claimant's right to bring an action under Section 502(a) of ERISA.

The decision of the Vice President – Administration shall be final and shall bind all parties concerned to the extent permitted by law.

If the claim is denied on appeal, in whole or in part, the claimant may file a lawsuit under Section 502(a) of ERISA within one year after receipt of the final adverse benefit determination.



**UNITED STATES STEEL CORPORATION**  
**SUPPLEMENTAL THRIFT PROGRAM**  
**Effective January 1, 2005, Amended and Restated Effective January 1, 2019**

**1. History and Purpose**

United States Steel Corporation (the "Corporation") established the United States Steel Corporation Supplemental Thrift Program (the "Program"), and hereby amends and restates the Program effective January 1, 2019, as set forth herein with respect to participation and benefits on and after such date. The Program was previously amended and restated effective January 1, 2005 to comply with section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), except with respect to benefits that were vested under the Program on or before December 31, 2004. Benefits accrued prior to January 1, 2005 are and shall remain payable in accordance with the terms of the Program in effect on December 31, 2004.

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

**2. Eligibility**

Except as otherwise provided herein, an individual is a "Member" of the Program if he or she is a participant in either of the Plans and does not receive the maximum Company Matching Contributions under the Plans because of the limitations under the Code listed in section 3 below.

**3. Amount of Benefits**

**(a) Company Matching Contributions**

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

- (1) save on a pre-tax and/or after-tax basis under either of the Plans at a rate at least equal to the maximum rate of Company Matching Contributions is restricted by the limitations under Code sections 401(a)(17), 401(k), 402(g), and 415(c), or
- (2) save on an after-tax basis under either of the Plans at a rate at least equal to the maximum rate of Company Matching Contributions is restricted by Code section 401(m),

the full Company Matching Contributions which would otherwise have been deposited into the Plans on behalf of the Member will be credited for such month to a notional account (the "Account") established under the Program for the Member (regardless of the Member's rate of savings under the Plans).

A Member's Account will be credited with investment earnings in the same manner as if the amount had been deposited in the applicable Plan for investment in the U. S. Steel Stock Fund. The number of shares to be credited to a Member's Account (book entry only) will be calculated using the amount of contribution and the net asset value of United States Steel Corporation Common Stock at markets close on the processing date. Except as otherwise provided, the rules under the Plans for determining service for vesting, Corporation stock values, share determination, and beneficiary designations will be applicable under this Program.

**(b) Special Rules for Sold Location Participants**

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

**4. Form of Benefit and Timing of Distribution**

**(a) Lump Sum Distribution and Annuity Option for Benefits Accruing Through August 31, 2013**

- (1) Subject to section 4(c) below, with respect to benefits accrued from January 1, 2005 through August 31, 2013, a Member shall receive a lump sum distribution of the benefits payable under this Program upon the Member's (a) termination of employment with five or more years of continuous service as defined in the Savings Plan, (b) termination of employment with the consent of the Corporation, or (c) death prior to termination of employment. Benefits provided by this Program shall be paid by the Corporation in cash out of the general assets of the Corporation. The payment date shall be on the last business day of the calendar month following the month in which such termination of employment occurred.

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

Monthly annuity payments shall be calculated using reasonable actuarial assumptions uniformly applied as determined by the Plan Administrator (as defined in section 5(a) below), by dividing the employee's accrued benefits as of the most recent valuation date by their life expectancy per the applicable mortality table under the Corporation's tax-qualified pension plan (i.e., the United States Steel Corporation Plan for Employee Pension Benefits (Revision of 2003)), and adjusted annually to reflect any investment earnings. The same reasonable actuarial assumptions and methods will be used in valuing each annuity payment option, in determining whether the payments are actuarially equivalent.

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

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

- (1) Subject to section 4(c) below, with respect to benefits accrued on and after September 1, 2013, a Member shall receive a distribution of the benefits payable under this Program in the form of a single life annuity upon the Member's (a) termination of employment with five or more years (for Members hired on or after January 1, 2019, three or more years) of continuous service as defined in the Savings Plan, (b) termination of employment with the consent of the Corporation, or (c) death prior to termination of employment. Benefits provided by this Program shall be paid by the Corporation in cash out of the general assets of the Corporation. The payment date for commencement of annuity installment payments shall be on the first regularly scheduled payroll date of the second calendar month following the month in which such termination of employment occurred.

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

- (2) Notwithstanding the foregoing specified form of payment, with respect to benefits that may accrue on and after September 1, 2013, and subject to section 4(c) below, an employee may receive such benefits in the form of a lump sum payment on the last business day of the calendar month following the month in which termination of employment occurred, provided the employee makes a timely benefit election. For employees in the Program on July 31, 2013, a one-time irrevocable election to receive a lump sum payment must be made prior to September 1, 2013 in order to be valid. For employees who become eligible to participate in the Program after July 31, 2013, the one-time irrevocable election must be made within 30 days after the individual becomes eligible and will be effective with respect to benefits accruing subsequent to the election.
- (3) In the event a Member dies prior to termination of employment, the benefits will be paid to the Member's surviving spouse (or to the Member's estate, if there is no surviving spouse) in the form of a lump sum distribution. The payment date shall be on the last business day of the calendar month following the month in which such death occurred.
- (4) In the event a Member dies after termination of employment but prior to receiving the benefits credited to his or her Account under the Program, the benefits will be paid to the Member's surviving spouse (or to the Member's estate, if there is no surviving spouse) in the form of a lump sum distribution on the last business day of the calendar month following the month in which the Member's termination of employment occurred.

(c) Delay in Payment to Specified Employees

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

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

(d) Full and Final Settlement

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

(e) Termination of Employment

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

**5. General Provisions**

(a) Administration

The United States Steel and Carnegie Pension Fund shall be the "Plan Administrator" and named fiduciary with respect to the administration of the Program. The Plan Administrator shall have full discretion and authority to decide all questions arising out of and relating to the administration of the Program. The decision of the Plan Administrator shall be final and conclusive as to all questions of interpretation and application of the Program.

(b) Amendment or Termination of Program

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

(c) No Guarantee of Employment

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

(d) Nonalienation

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

(e) No Requirement to Fund

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

(f) Controlling Law

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

(g) Severability

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

(h) Exclusive Provisions of Program

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

(i) Code Section 409A

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

(j) Withholding

The Employer is authorized to withhold from any payment due under the Program an amount necessary to satisfy the tax withholding obligations that arise in connection with such payment or the payment of any other compensation by an Employer to the Member outside of the Program.

**6. Claims and Appeals Procedures**

All claims for benefits under the Program must be filed with the Plan Administrator within one year after the Member's termination of employment with the Employer.

If a claim is wholly or partially denied, the Plan Administrator shall notify the claimant of the adverse benefit determination within 90 days after receipt of the claim, unless the Plan Administrator determines that special circumstances require an extension of time for processing the claim. If the Plan Administrator determines that an extension is required, written notice of the extension shall be furnished to the claimant prior to the termination of the initial 90-day period. In no event shall such extension exceed a period of 90 days from the end of such initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Plan expects to render the benefit determination.

The Plan Administrator shall provide a claimant with written or electronic notification of any adverse benefit determination. All notifications of adverse benefit determination shall set forth:

- (a) The specific reason or reasons for the adverse determination;
- (b) Reference to the specific provisions of the Program on which the determination is based;
- (c) A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and
- (d) A description of the review procedures under the Program and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under Section 502(a) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") following an adverse benefit determination on final review.

If a claim for benefits is denied, the claimant may within 60 days after receipt of the denial appeal in writing to the Vice President – Administration, United States Steel and Carnegie Pension Fund, 600 Grant Street, Room 1600, Pittsburgh, Pennsylvania 15219-2800. If a claimant fails to file a request for review within the 60-day time limit and in the manner specified above, the claimant shall thereafter be barred from again asserting such claim.

In connection with an appeal of an adverse benefit determination, the claimant may submit written comments, documents, records, and other information relating to the claim for benefits. All comments, documents, records and other information submitted by the claimant relating to the claim shall be taken into account, without regard to whether such information was submitted or considered in the initial benefit determination. A claimant shall be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits.

A claimant shall be notified of the benefit determination on review no later than 60 days after receipt of the claimant's request for review by the Plan Administrator, unless the Vice President – Administration determines that special circumstances require an extension of time for processing the claim. If it is determined that an extension is required, written notice of the extension shall be furnished to the claimant prior to the termination of the initial 60-day period. In no event shall such extension exceed a period of sixty 60 days from the end of such initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Plan Administrator expects to render the determination on review.

A claimant shall be provided with written or electronic notification of a Plan Administrator's benefit determination on appeal. In the case of an adverse benefit determination, the notification shall set forth:

- (a) The specific reason or reasons for the adverse determination;
- (b) Reference to the specific provisions of the Program on which the benefit determination is based;
- (c) A statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits; and
- (d) A statement of the claimant's right to bring an action under Section 502(a) of ERISA.

The decision of the Vice President – Administration shall be final and shall bind all parties concerned to the extent permitted by law.

If the claim is denied on appeal, in whole or in part, the claimant may file a lawsuit under Section 502(a) of ERISA within one year after receipt of the final adverse benefit determination.

**UNITED STATES STEEL CORPORATION**  
**SUPPLEMENTAL RETIREMENT ACCOUNT PROGRAM**  
**Effective December 31, 2006, Amended and Restated Effective January 1, 2019**

**1. History and Purpose**

United States Steel Corporation (the "Corporation") established the United States Steel Corporation Supplemental Retirement Account Program (the "Program"), and hereby amends and restates the Program effective January 1, 2019, as set forth herein with respect to participation and benefits on and after such date. The Program was previously amended to comply with section 409A of the Internal Revenue Code of 1986, as amended (the "Code").

The purpose of this Program is to provide a pension benefit for certain executives and certain other key managers with respect to compensation paid under the incentive compensation plans maintained by the Corporation, its subsidiaries, and its affiliated companies.

**2. Eligibility**

An employee of the Corporation, a domestically incorporated Subsidiary Company, or United States Steel and Carnegie Pension Fund (collectively, the "Employer") shall be a "Member" of the Program if the employee is a General Manager (Level 9) or higher level employee. Members who are moved to a position below the General Manager level for a reason other than performance shall continue to be Members of the Program.

**3. Amount of Benefit**

The benefit accrued under the Program for a Member shall be equal to the amount of contributions and investment earnings credited to the Member's Supplemental Retirement Account ("Account") established under the Program, which shall be a notional account.

(a) Annual Contributions

A Member's Account shall be credited with contributions equal to the bonus awards paid to the Member pursuant to the Corporation's Executive Management Annual Incentive Compensation Plan, Short-Term Incentive Plan and/or under similar incentive plans (or under profit sharing plans if the Employer has a profit sharing plan rather than an incentive plan) as determined by the Plan Administrator (as defined in section 5(a) below) in its sole discretion (hereinafter "Incentive Compensation") multiplied by the applicable age-weighted crediting rate in effect for the Member, as shown below:

<u>Age at Beginning of Month Bonus Was Paid</u>	<u>Crediting Rate under Program</u>
Less than 35 years	4.75%
35 to less than 40	6.00%
40 to less than 45	7.25%
45 and above	8.50%

No contributions shall be made to the Member's Account based on bonus awards paid to the Member under a special incentive compensation plan that is in addition to, and not in lieu of, the Member's annual incentive compensation plan.

The crediting of contributions shall occur (a) for incentive compensation paid on an annual basis, on the date the applicable Incentive Compensation is paid to the Member, or (b) for incentive compensation paid on a quarterly basis, on the date of the last quarterly payment of Incentive Compensation for the year based on the aggregate quarterly Incentive Compensation for the year.

Notwithstanding anything to the contrary contained herein, no contributions shall be credited to a Member's Account with respect to Incentive Compensation paid to the Member (a) prior to the date he or she becomes a Member of the Program, or (b) after the date the Member was no longer covered by this Program.

(b) Catch-Up

Accruals

Each Member (other than an employee who was covered under the Supplemental Pension Program on December 31, 2015) shall be eligible to receive a Catch-up Accrual. A Member's Account shall be credited with a Catch-up Accrual at the end of the first full month of the Member's participation in the Program equal to the product of:

- (i) 10 years of prior service (or, if less, the Member's prior years of eligible service with the Corporation for which he or she did not receive an accrual under this Program), times
- (ii) the target percentage that applies to General Manager level employees under the United States Steel Corporation Short Term Incentive Plan ("STIP") as of the determination date, regardless of whether the Member is covered by the STIP, times
- (iii) the Member's annual base salary as of the determination date, times
- (iv) the Member's age-based Crediting Rate referenced in the chart above as of the determination date.

For purposes of the Catch-up Accrual, the determination date is the last day of the month preceding the first full month of the Member's

participation in the Program.

(c) Investment Earnings in the Supplemental Retirement Account

A Member's Account shall be credited with investment earnings in the same manner as if the balance in the Account had been invested in the applicable default investment fund under the United States Steel Corporation Savings Fund Plan for Salaried Employees or the U. S. Steel Tubular Services Savings Plan, whichever plan is applicable to the Member. The number of shares to be credited to a Member's Account in the Program (book entry only) will be calculated using the amount of contribution and the net asset value of the applicable investment fund at markets close on the processing date.

**4. Form of Benefit and Timing of Distribution**

A Member shall be eligible to receive a distribution of his or her Account under the Program if the Member retires or otherwise terminates employment with the Employer after the earlier of (i) completing ten (10) years of Continuous Service, (ii) for Members hired on or after January 1, 2019, attainment of age 60 and completion of five (5) years of Continuous Service, or (iii) attainment of age 65; provided, however, no benefits shall be payable under this Program with respect to a Member who terminates employment with the Employer either prior to age 55 or within 36 months after the date he or she becomes a Member of the Program. Notwithstanding the foregoing, a Member's Account shall be payable on account of death, upon an involuntary termination of employment under circumstances which would qualify the Member for benefits under a severance plan maintained by the Corporation, or upon a termination of employment with the consent of the Corporation.

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

Subject to section 4(c) below, with respect to benefits accrued from December 31, 2006 through August 31, 2013, a Member shall receive, upon the Member's termination of employment from the Employer, a lump sum distribution of the benefits payable to him or her under the Program. The payment date shall be on the last business day of the calendar month following the month in which such termination of employment occurred.

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

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

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

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

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

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

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

Notwithstanding the foregoing specified form of payment, with respect to benefits that may accrue on and after September 1, 2013, and subject to section 4(c) below, an employee may receive such benefits in the form of a lump sum payment on the last business day of the calendar month following the month in which termination of employment occurred, provided the employee makes a timely benefit

election. For employees in the Program on July 31, 2013, a one-time irrevocable election to receive a lump sum payment must be made prior to September 1, 2013 in order to be valid. For employees who become eligible to participate in the Program after July 31, 2013, the one-time irrevocable election must be made within 30 days after the individual becomes eligible and will be effective with respect to benefits accruing subsequent to the election.

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

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

(c) Delay in Payment to Specified Employees

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

(d) Full and Final Settlement

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

(e) Reemployment

A Member's Account shall be forfeited if the Member retires or terminates employment with the Employer prior to being eligible to receive a distribution under the Program. Effective January 1, 2018, in the event the Member is subsequently reemployed by the Employer before the completion of five consecutive one-year breaks in Continuous Service (as determined under the United States Steel Corporation Savings Fund Plan for Salaried Employees or the U. S. Steel Tubular Services Savings Plan, whichever plan is applicable to the Member), the Member's Account shall be restored without the accrual of any investment earnings during the break in service. Notwithstanding any contrary provision of the Program, a Member shall not be eligible to receive any additional Catch-Up Accruals upon his or her reemployment.

(f) Termination \_\_\_\_\_ of Employment

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

**5. General Provisions**

(a) Administration

The United States Steel and Carnegie Pension Fund shall be the "Plan Administrator" and named fiduciary with respect to the administration of the Program. The Plan Administrator shall have full discretion and authority to decide all questions arising out of and relating to the administration of the Program. The decision of the Plan Administrator shall be final and conclusive as to all questions of interpretation and application of the Program.

(b) Amendment or Termination of Program

The Corporation reserves the right to make any changes to this Program or to terminate this Program as to any or all groups of employees covered under this Program, but in no event shall such amendment or termination adversely affect the vested or non-vested benefits accrued hereunder prior to the effective date of such amendment or termination. If the Program is terminated, employees who are (or were) covered under this Program will continue to be credited with eligibility service and age under the Program for purposes of satisfying the age and service requirements in section 4 above, provided they remain employed with the Corporation, their Employer, or any member of the controlled group that includes the Corporation. Any amendment to this Program which changes this Program (including any amendment which increases, reduces or alters the benefits of this Program) or any action which terminates this Program to any or all groups shall be made by a resolution of the Corporation's Board of Directors (or any authorized committee of such Board) adopted in accordance with the bylaws of the Corporation and the corporation law of the state of Delaware.

(c) No Guarantee of Employment

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

(d) Nonalienation

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

(e) No Requirement to Fund

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

(f) Controlling Law

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

(g) Severability

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

(h) Exclusive Provisions of Program

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

(i) Code Section 409A

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

(j) Plan Mergers

Effective as of November 13, 2013, the Supplemental Account that was established by the Corporation on July 1, 2013, was merged with and into the Program.

(k) Withholding

The Employer is authorized to withhold from any payment due under the Program an amount necessary to satisfy the tax withholding obligations that arise in connection with such payment or any other payment of compensation by an Employer to the Member outside of the Program.

**6. Definitions**

Except as otherwise provided in this Program, the term "Subsidiary Company" as used herein shall mean "subsidiary company" as defined in the United States Steel 1994 Salaried Pension Rules adopted under the United States Steel Corporation Plan for Employee Pension Benefits (Revision of 2003) (the "Pension Plan") and the term "Continuous Service" as used herein shall mean continuous service as determined under the United States Steel Corporation Savings Fund Plan for Salaried Employees or the U. S. Steel Tubular Services Savings Plan, as applicable.

**7. Claims and Appeals Procedures**

All claims for benefits under the Program must be filed with the Plan Administrator within one year after the Member's termination of employment with the Employer.

If a claim is wholly or partially denied, the Plan Administrator shall notify the claimant of the adverse benefit determination within 90 days after receipt of the claim, unless the Plan Administrator determines that special circumstances require an extension of time for processing the claim. If the Plan Administrator determines that an extension is required, written notice of the extension shall be furnished to the claimant prior to the termination of the initial 90-day period. In no event shall such extension exceed a period of 90 days from the end of such initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Plan expects to render the benefit determination.

The Plan Administrator shall provide a claimant with written or electronic notification of any adverse benefit determination. All notifications of adverse benefit determination shall set forth:

(a) The specific reason or reasons for the adverse determination;

(b) Reference to the specific provisions of the Program on which the determination is based;

(c) A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and



(d) A description of the review procedures under the Program and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under Section 502(a) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") following an adverse benefit determination on final review.

If a claim for benefits is denied, the claimant may within 60 days after receipt of the denial appeal in writing to the Vice President – Administration, United States Steel and Carnegie Pension Fund, 600 Grant Street, Room 1600, Pittsburgh, Pennsylvania 15219-2800. If a claimant fails to file a request for review within the 60-day time limit and in the manner specified above, the claimant shall thereafter be barred from again asserting such claim.

In connection with an appeal of an adverse benefit determination, the claimant may submit written comments, documents, records, and other information relating to the claim for benefits. All comments, documents, records and other information submitted by the claimant relating to the claim shall be taken into account, without regard to whether such information was submitted or considered in the initial benefit determination. A claimant shall be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits.

A claimant shall be notified of the benefit determination on review no later than 60 days after receipt of the claimant's request for review by the Plan Administrator, unless the Vice President – Administration determines that special circumstances require an extension of time for processing the claim. If it is determined that an extension is required, written notice of the extension shall be furnished to the claimant prior to the termination of the initial 60-day period. In no event shall such extension exceed a period of 60 days from the end of such initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Plan Administrator expects to render the determination on review.

A claimant shall be provided with written or electronic notification of a Plan Administrator's benefit determination on appeal. In the case of an adverse benefit determination, the notification shall set forth:

- (a) The specific reason or reasons for the adverse determination;
- (b) Reference to the specific provisions of the Program on which the benefit determination is based;
- (c) A statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits; and
- (d) A statement of the claimant's right to bring an action under Section 502(a) of ERISA.

The decision of the Vice President – Administration shall be final and shall bind all parties concerned to the extent permitted by law.

If the claim is denied on appeal, in whole or in part, the claimant may file a lawsuit under Section 502(a) of ERISA within one year after receipt of the final adverse benefit determination.

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, David B. Burritt, certify that:

1. I have reviewed this quarterly report on Form 10-Q of United States Steel Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 3, 2019

/s/ David B. Burritt

David B. Burritt

President and Chief Executive Officer

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Kevin P. Bradley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of United States Steel Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 3, 2019

/s/ Kevin P. Bradley

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Kevin P. Bradley  
Executive Vice President  
and Chief Financial Officer

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

I, David B. Burritt, President and Chief Executive Officer of United States Steel Corporation, certify that:

- (1) The Quarterly Report on Form 10-Q of United States Steel Corporation for the period ending March 31, 2019, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the foregoing report fairly presents, in all material respects, the financial condition and results of operations of United States Steel Corporation.

/s/ David B. Burritt

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David B. Burritt

President and Chief Executive Officer

May 3, 2019

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to United States Steel Corporation and will be retained by United States Steel Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

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

I, Kevin P. Bradley, President, Executive Vice President and Chief Financial Officer of United States Steel Corporation, certify that:

- (1) The Quarterly Report on Form 10-Q of United States Steel Corporation for the period ending March 31, 2019, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the foregoing report fairly presents, in all material respects, the financial condition and results of operations of United States Steel Corporation.

/s/ Kevin P. Bradley

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Kevin P. Bradley  
Executive Vice President  
and Chief Financial Officer

May 3, 2019

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to United States Steel Corporation and will be retained by United States Steel Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

**United States Steel Corporation**  
**Mine Safety Disclosure**  
**(Unaudited)**

For the quarter ended March 31, 2019

Mine (Federal Mine Safety and Health Administration (MSHA) ID)	Total # of Significant & Substantial violations under §104(a) <sup>(a)</sup>	Total # of orders under §104(b) <sup>(a)</sup>	Total # of unwarrantable failure citations and orders under §104(d) <sup>(a)</sup>	Total # of violations under §110(b) (2) <sup>(a)</sup>	Total # of orders under §107(a) <sup>(a)</sup>	Total dollar value of proposed assessments from MSHA	Total # of mining related fatalities	Received Notice of Pattern of Violations under §104(e) <sup>(a)</sup> (yes/no)?	Received Notice of Potential to have Pattern under §104(e) <sup>(a)</sup> (yes/no)?	Total # of Legal Actions Pending with the Mine Safety and Health Review Commission as of Last Day of Period <sup>(b)</sup>	Legal Actions Initiated During Period	Legal Actions Resolved During Period
Mt. Iron (2100820, 2100282)	43	—	—	—	—	\$143,841	—	no	no	4	4	9
Keewatin (2103352)	14	—	—	—	—	\$153,466	—	no	no	—	—	—

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

<sup>(b)</sup> Includes all legal actions pending before the Federal Mine Safety and Health Review Commission, together with the Administrative Law Judges thereof, for each of our iron ore operations. These actions may have been initiated in prior quarters. All of the legal actions were initiated by us to contest citations, orders or proposed assessments issued by the Federal Mine Safety and Health administration, and if we are successful, may result in the reduction or dismissal of those citations, orders or assessments. As of the last day of the period, all 4 legal actions were to contest citations and proposed assessments.