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 June 30, 2020

Or

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

For the transition period from to .

United States Steel Corporation

(Exact name of registrant as specified in its charter)

Delaware	1-16811	25-1897152
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

600 Grant Street Pittsburgh PA	15219-2800
(Address of principal executive offices)	(Zip Code)

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

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
United States Steel Corporation Common Stock	X	Chicago Stock Exchange

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," "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 ☒

Common stock outstanding at July 27, 2020 – 220,400,813 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," "may" 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 changes, share of sales and earnings per share changes, anticipated cost savings, potential capital and operational cash improvements, U. S. Steel's future ability or plans to take ownership of the Big River Steel joint venture as a wholly owned subsidiary, 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, 2019, our Quarterly Report on Form 10-Q for the period ended March 31, 2020 and those described from time to time in our future reports filed with the Securities and Exchange Commission.

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in millions, except per share amounts)	**2020**	**2019**	**2020**	**2019**
Net sales:				
Net sales	**$ 2,000**	$ 3,175	**$ 4,397**	$ 6,299
Net sales to related parties (Note 19)	**91**	370	**442**	745
Total (Note 6)	**2,091**	3,545	**4,839**	7,044
Operating expenses (income):				
Cost of sales (excludes items shown below)	**2,274**	3,227	**4,879**	6,399
Selling, general and administrative expenses	**62**	82	**134**	160
Depreciation, depletion and amortization	**159**	150	**319**	293
Loss (earnings) from investees	**39**	(28)	**47**	(37)
Tubular asset impairment charges (Notes 1 and 9)	**—**	—	**263**	—
Gain on equity investee transactions	**—**	—	**(31)**	—
Restructuring and other charges (Note 20)	**89**	—	**130**	—
Net loss on sale of assets	**—**	—	**—**	4
Other losses, net	**—**	(1)	**5**	(1)
Total	**2,623**	3,430	**5,746**	6,818
(Loss) earnings before interest and income taxes	**(532)**	115	**(907)**	226
Interest expense	**64**	31	**114**	65
Interest income	**(1)**	(5)	**(5)**	(10)
Other financial benefits	**7**	5	**4**	2
Net periodic benefit (income) cost (other than service cost)	**(8)**	23	**(16)**	46
Net interest and other financial costs	**62**	54	**97**	103
(Loss) earnings before income taxes	**(594)**	61	**(1,004)**	123
Income tax (benefit) provision (Note 12)	**(5)**	(7)	**(24)**	1
Net (loss) earnings	**(589)**	68	**(980)**	122
Less: Net earnings attributable to noncontrolling interests	**—**	—	**—**	—
Net (loss) earnings attributable to United States Steel Corporation	**$ (589)**	$ 68	**$ (980)**	$ 122
(Loss) earnings per common share (Note 13):				
(Loss) earnings per share attributable to United States Steel Corporation stockholders:				
-Basic	**$ (3.36)**	$ 0.39	**$ (5.67)**	$ 0.71
-Diluted	**$ (3.36)**	$ 0.39	**$ (5.67)**	$ 0.70

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

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

(Dollars in millions)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Net (loss) earnings	**$ (589)**	$ 68	**$ (980)**	$ 122
Other comprehensive income (loss), net of tax:				
Changes in foreign currency translation adjustments	**20**	12	**(3)**	(5)
Changes in pension and other employee benefit accounts	**29**	32	**81**	64
Changes in derivative financial instruments	**15**	(11)	**10**	4
Total other comprehensive income, net of tax	**64**	33	**88**	63
Comprehensive (loss) income including noncontrolling interest	**(525)**	101	**(892)**	185
Comprehensive income attributable to noncontrolling interest	**—**	—	**—**	—
Comprehensive (loss) income attributable to United States Steel Corporation	**$ (525)**	$ 101	**$ (892)**	$ 185

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

UNITED STATES STEEL CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEET
(Unaudited)

(Dollars in millions)	June 30, 2020	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents (Note 7)	**$ 2,300**	$ 749
Receivables, less allowance of $34 and $28	**879**	956
Receivables from related parties (Note 19)	**60**	221
Inventories (Note 8)	**1,634**	1,785
Other current assets	**51**	102
Total current assets	**4,924**	3,813
Long-term restricted cash (Note 7)	**128**	188
Operating lease assets	**236**	230
Property, plant and equipment	**17,269**	17,077
Less accumulated depreciation and depletion	**11,859**	11,630
Total property, plant and equipment, net	**5,410**	5,447
Investments and long-term receivables, less allowance of $ 8 and $5	**1,376**	1,466
Intangibles – net (Note 9)	**132**	150
Deferred income tax benefits (Note 12)	**19**	19
Other noncurrent assets	**326**	295
Total assets	**$ 12,551**	$ 11,608
Liabilities		
Current liabilities:		
Accounts payable and other accrued liabilities	**$ 1,385**	$ 1,970
Accounts payable to related parties (Note 19)	**74**	84
Payroll and benefits payable	**354**	336
Accrued taxes	**116**	116
Accrued interest	**60**	45
Current operating lease liabilities	**58**	60
Current portion of long-term debt (Note 15)	**94**	14
Total current liabilities	**2,141**	2,625
Noncurrent operating lease liabilities	**185**	177
Long-term debt, less unamortized discount and debt issuance costs (Note 15)	**5,505**	3,627
Employee benefits	**563**	532
Deferred income tax liabilities (Note 12)	**6**	4
Deferred credits and other noncurrent liabilities	**497**	550
Total liabilities	**8,897**	7,515
Contingencies and commitments (Note 21)		
Stockholders' Equity (Note 17):		
Common stock (229,052,239 and 178,555,206 shares issued) (Note 13)	**229**	179
Treasury stock, at cost (8,661,462 shares and 8,509,337 shares)	**(175)**	(173)
Additional paid-in capital	**4,391**	4,020
(Accumulated deficit) retained earnings	**(438)**	544
Accumulated other comprehensive loss (Note 18)	**(390)**	(478)
Total United States Steel Corporation stockholders' equity	**3,617**	4,092
Noncontrolling interests	**37**	1
Total liabilities and stockholders' equity	**$ 12,551**	$ 11,608

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

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

(Dollars in millions)	Six Months Ended June 30, 2020	2019
Increase (decrease) in cash, cash equivalents and restricted cash		
Operating activities:		
Net (loss) earnings	**$ (980)**	$ 122
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation, depletion and amortization	**319**	293
Tubular asset impairment charges (Notes 1 and 9)	**263**	—
Gain on equity investee transactions	**(31)**	—
Restructuring and other charges (Note 20)	**130**	—
Pensions and other postretirement benefits	**(10)**	55
Deferred income taxes (Note 12)	**(12)**	(3)
Net loss on sale of assets	**—**	4
Equity investee earnings, net of distributions received	**47**	(35)
Changes in:		
Current receivables	**134**	(28)
Inventories	**244**	(77)
Current accounts payable and accrued expenses	**(420)**	(28)
Income taxes receivable/payable	**10**	39
All other, net	**(56)**	24
Net cash (used in) provided by operating activities	**(362)**	366
Investing activities:		
Capital expenditures	**(455)**	(628)
Investment in Big River Steel	**(3)**	—
Proceeds from sale of assets	**1**	1
Proceeds from sale of ownership interests in equity investees	**8**	—
Investments, net	**(4)**	—
Net cash used in investing activities	**(453)**	(627)
Financing activities:		
Revolving credit facilities - borrowings, net of financing costs (Note 15)	**1,462**	—
Revolving credit facilities - repayments (Note 15)	**(644)**	—
Issuance of long-term debt, net of financing costs (Note 15)	**1,048**	—
Repayment of long-term debt (Note 15)	**(6)**	(1)
Net proceeds from public offering of common stock (Note 23)	**410**	—
Proceeds from Stelco Option Agreement	**40**	—
Common stock repurchased (Note 23)	**—**	(70)
Dividends paid	**(3)**	(18)
Taxes paid for equity compensation plans (Note 11)	**(1)**	(7)
Net cash provided by (used in) financing activities	**2,306**	(96)
Effect of exchange rate changes on cash	**(1)**	(1)
Net increase (decrease) in cash, cash equivalents and restricted cash	**1,490**	(358)
Cash, cash equivalents and restricted cash at beginning of year (Note 7)	**939**	1,040
Cash, cash equivalents and restricted cash at end of period (Note 7)	**$ 2,429**	$ 682

Supplemental Cash Flow Information:		
Non-cash investing and financing activities:		
Change in accrued capital expenditures	**$ (98)**	$ (6)
U. S. Steel common stock issued for employee/non-employee director stock plans	**18**	25
Capital expenditures funded by finance lease borrowings	**30**	35
Export Credit Agreement (ECA) financing	**34**	—

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

Notes to Condensed Consolidated Financial Statements (Unaudited)

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

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 condensed 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, including assessment of certain accounting matters using all available information including consideration of forecasted financial information in context with other information reasonably available to us. However, our future assessment of our current expectations, including consideration of the unknown future impacts of the COVID-19 pandemic, could result in material impacts to our consolidated financial statements in future reporting periods. All such adjustments are of a normal recurring nature unless disclosed otherwise. These condensed 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, 2019, which should be read in conjunction with these condensed financial statements.

Asset Impairment
For the period ended March 31, 2020, the steep decline in oil prices that resulted from market oversupply and declining demand was considered a triggering event for the welded tubular and seamless tubular asset groups. A quantitative analysis was completed for both asset groups and a $263 million impairment, consisting of an impairment of $196 million for property, plant and equipment and $ 67 million for intangible assets was recorded for the welded tubular asset group while no impairment was indicated for the seamless tubular asset group. There were no triggering events that required an impairment evaluation of our long-lived asset groups as of June 30, 2020.

2. **New Accounting Standards**

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, (ASU 2020-04). ASU 2020-04 provides optional exceptions for applying generally accepted accounting principles to modifications of contracts, hedging relationships, and other transactions that reference LIBOR or another rate that will be discontinued by reference rate reform if certain criteria are met. U. S. Steel is currently assessing the impact of the ASU but does not believe it will have a material impact on its Consolidated Financial Statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740) - Simplifying the Accounting for Income Taxes* (ASU 2019-12). ASU 2019-12 simplifies accounting for income taxes by removing certain exceptions from the general principles in Topic 740 including elimination of the exception to the incremental approach for intraperiod tax allocation when there is a loss from continuing operations and income or a gain from other items such as other comprehensive income. ASU 2019-12 also clarifies and amends certain guidance in Topic 740. ASU 2019-12 is effective for public companies for fiscal years beginning after December 15, 2020, including interim periods, with early adoption of all amendments in the same period permitted. U. S. Steel is currently assessing the impact of the ASU, but does not believe it will have a significant impact on its Consolidated Financial Statements.

3. **Recently Adopted Accounting Standard**

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 was effective for public companies for fiscal years beginning after December 15, 2019 including interim reporting periods. U. S. Steel adopted this standard effective January 1, 2020. The impact of adoption was not material to the Condensed Consolidated Financial Statements.

U. S. Steel's significant financial instruments which are valued at cost are trade receivables (receivables). U. S. Steel's receivables carry standard industry terms and are categorized in two receivable pools, U.S. and U. S. Steel Europe (USSE). Both pools use customer specific risk ratings based on customer financial metrics, past payment experience and other factors and qualitatively consider economic conditions to assess the level of allowance for doubtful accounts. USSE mitigates credit risk for approximately 75 percent of its receivables balance using credit insurance, letters of credit, bank guarantees, prepayments or other collateral. Below is a summary of the allowance for doubtful accounts for the segments. Additional reserve recorded in the six month period ended June 30, 2020 primarily reflects uncertainty over near-term anticipated market conditions.

(in millions)	U.S.	USSE	Total Allowance
Balance at December 31, 2019	$ 12	$ 16	$ 28
Additional reserve	6	—	6
Balance at June 30, 2020	$ 18	$ 16	$ 34

4. Segment Information

U. S. Steel has three reportable segments: North American Flat-Rolled (Flat-Rolled), U. S. Steel Europe (USSE); and Tubular Products (Tubular). U. S. Steel's investment in Big River Steel and 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 results of segment operations for the three months ended June 30, 2020 and 2019 are:

(In millions) **Three Months Ended June 30, 2020**	Customer Sales	Intersegment Sales	Net Sales	Earnings (loss) from investees	Earnings (loss) before interest and income taxes
Flat-Rolled	**$ 1,497**	**$ 42**	**$ 1,539**	**$ (16)**	**$ (329)**
USSE	**403**	**1**	**404**	**—**	**(26)**
Tubular	**182**	**3**	**185**	**2**	**(47)**
Total reportable segments	**2,082**	**46**	**2,128**	**(14)**	**(402)**
Other Businesses	**9**	**19**	**28**	**(25)**	**(21)**
Reconciling Items and Eliminations	**—**	**(65)**	**(65)**	**—**	**(109)**
Total	**$ 2,091**	**$ —**	**$ 2,091**	**$ (39)**	**$ (532)**
Three Months Ended June 30, 2019					
Flat-Rolled	$ 2,539	$ 95	$ 2,634	$ 26	$ 134
USSE	678	3	681	—	(10)
Tubular	316	1	317	2	(6)
Total reportable segments	3,533	99	3,632	28	118
Other Businesses	12	30	42	—	10
Reconciling Items and Eliminations	—	(129)	(129)	—	(13)
Total	$ 3,545	$ —	$ 3,545	$ 28	$ 115

The results of segment operations for the six months ended June 30, 2020 and 2019 are:

(In millions) **Six Months Ended June 30, 2020**	**Customer Sales**	**Intersegment Sales**	**Net Sales**	**Earnings (loss) from investees**	**Earnings (loss) before interest and income taxes**
Flat-Rolled	**$ 3,471**	**$ 104**	**$ 3,575**	**$ (12)**	**$ (364)**
USSE	**908**	**2**	**910**	**—**	**(40)**
Tubular	**437**	**6**	**443**	**3**	**(95)**
Total reportable segments	**4,816**	**112**	**4,928**	**(9)**	**(499)**
Other Businesses	**23**	**47**	**70**	**(38)**	**(20)**
Reconciling Items and Eliminations	**—**	**(159)**	**(159)**	**—**	**(388)**
Total	**$ 4,839**	**$ —**	**$ 4,839**	**$ (47)**	**$ (907)**
Six Months Ended June 30, 2019					
Flat-Rolled	$ 4,944	$ 164	$ 5,108	$ 33	$ 229
USSE	1,415	6	1,421	—	19
Tubular	659	3	662	4	4
Total reportable segments	7,018	173	7,191	37	252
Other Businesses	26	60	86	—	18
Reconciling Items and Eliminations	—	(233)	(233)	—	(44)
Total	$ 7,044	$ —	$ 7,044	$ 37	$ 226

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

	Three Months Ended June 30,		**Six Months Ended June 30,**	
(In millions)	**2020**	**2019**	**2020**	**2019**
Items not allocated to segments:				
Tubular asset impairment charges (Notes 1 and 9)	**$ —**	$ —	**$ (263)**	$ —
Restructuring and other charges (Note 20)	**(89)**	—	**(130)**	—
Gain on previously held investment in UPI	**—**	—	**25**	—
Tubular inventory impairment charge	**(24)**	—	**(24)**	—
December 24, 2018 Clairton coke making facility fire	**4**	(13)	**4**	(44)
Total reconciling items	**$ (109)**	$ (13)	**$ (388)**	$ (44)

5. Acquisition

On February 29, 2020, U. S. Steel purchased the remaining 50% ownership interest in USS-POSCO Industries (UPI) for $ 3 million, net of cash received of $2 million. There was an assumption of accounts payable owed to U. S. Steel for prior sales of steel substrate of $ 135 million associated with the purchase that is reflected as a reduction in receivables from related parties on the Company's Condensed Consolidated Balance Sheet.

UPI is located in Pittsburg, California and markets sheet and tin mill products, principally in the western United States. UPI produces hot rolled pickled and oiled, cold-rolled sheets, galvanized sheets and tin mill products made from hot bands principally provided by U. S. Steel. UPI's annual production capability is approximately 1.5 million tons. The Company had a liability that resulted from historical losses recorded due to our continuing involvement in the previously held equity investment in UPI. Using step acquisition accounting we increased the value of our previously held equity investment to its fair value of $5 million which resulted in a gain of approximately $ 25 million. The gain was recorded in gain on equity investee transactions in the Condensed Consolidated Statement of Operations.

Receivables of $44 million, inventories of $96 million, accounts payable and accrued liabilities of $ 19 million, current portion of long-term debt of $ 55 million and payroll and employee benefits liabilities of $78 million were recorded with the acquisition. Property, plant and equipment of $ 97 million which included a fair value step-up of $47 million and an intangible asset of $ 54 million were also recorded on the Company's Condensed Consolidated Balance Sheet. The intangible asset, which will be amortized over ten years, arises from a land lease contract, under which a certain portion of payment owed to UPI is realized in the form of deductions from electricity costs.

U. S. Steel is continuing to conform accounting policies and procedures and evaluate assets and liabilities assumed. The results of this process may lead to further adjustments to the purchase price allocation presented above.

6. Revenue

Revenue is generated primarily from contracts to produce, ship and deliver steel products, and to a lesser extent, raw materials sales such as iron ore pellets and coke by-products and railroad services and real estate sales. Generally, U. S. Steel's performance obligations are satisfied and revenue is recognized at a 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.

The following tables disaggregate our revenue by product for each of our reportable business segments for the three months and six months ended June 30, 2020 and 2019, respectively:

Net Sales by Product (In millions):

Three Months Ended June 30, 2020	**Flat-Rolled**	**USSE**	**Tubular**	**Other Businesses**	**Total**
Semi-finished	**$ 31**	**$ 1**	**$ —**	**$ —**	**$ 32**
Hot-rolled sheets	**239**	**146**	**—**	**—**	**385**
Cold-rolled sheets	**342**	**26**	**—**	**—**	**368**
Coated sheets	**713**	**202**	**—**	**—**	**915**
Tubular products	**—**	**11**	**178**	**—**	**189**
All Other [(a)]	**172**	**17**	**4**	**9**	**202**
Total	**$ 1,497**	**$ 403**	**$ 182**	**$ 9**	**$ 2,091**

[(a)] Consists primarily of sales of raw materials and coke making by-products.

Three Months Ended June 30, 2019	**Flat-Rolled**	**USSE**	**Tubular**	**Other Businesses**	**Total**
Semi-finished	$ 121	$ 5	$ —	$ —	$ 126
Hot-rolled sheets	682	287	—	—	969
Cold-rolled sheets	643	82	—	—	725
Coated sheets	816	269	—	—	1,085
Tubular products	—	11	311	—	322
All Other [(a)]	277	24	5	12	318
Total	$ 2,539	$ 678	$ 316	$ 12	$ 3,545

[(a)] Consists primarily of sales of raw materials and coke making by-products.

Six Months Ended June 30, 2020		Flat-Rolled		USSE		Tubular		Other Businesses		Total
Semi-finished	**$**	**58**	**$**	**2**	**$**	**—**	**$**	**—**	**$**	**60**
Hot-rolled sheets		**741**		**351**		**—**		**—**		**1,092**
Cold-rolled sheets		**940**		**71**		**—**		**—**		**1,011**
Coated sheets		**1,424**		**431**		**—**		**—**		**1,855**
Tubular products		**—**		**20**		**429**		**—**		**449**
All Other [(a)]		**308**		**33**		**8**		**23**		**372**
Total	**$**	**3,471**	**$**	**908**	**$**	**437**	**$**	**23**	**$**	**4,839**

[(a)] Consists primarily of sales of raw materials and coke making by-products.

Six Months Ended June 30, 2019		Flat-Rolled		USSE		Tubular		Other Businesses		Total
Semi-finished	$	209	$	9	$	—	$	—	$	218
Hot-rolled sheets		1,445		619		—		—		2,064
Cold-rolled sheets		1,304		170		—		—		1,474
Coated sheets		1,544		548		—		—		2,092
Tubular products		—		20		646		—		666
All Other [(a)]		442		49		13		26		530
Total	$	4,944	$	1,415	$	659	$	26	$	7,044

[(a)] Consists primarily of sales of raw materials and coke making by-products.

7. 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 Condensed Consolidated Balance Sheets that sum to the total of the same amounts shown in the Condensed Consolidated Statement of Cash Flows:

(In millions)		June 30, 2020		June 30, 2019
Cash and cash equivalents	**$**	**2,300**	$	651
Restricted cash in other current assets		**1**		1
Restricted cash in other noncurrent assets		**128**		30
Total cash, cash equivalents and restricted cash	**$**	**2,429**	$	682

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

8. 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 June 30, 2020 and December 31, 2019, the LIFO method accounted for 70 percent and 75 percent of total inventory values, respectively.

(In millions)		June 30, 2020		December 31, 2019
Raw materials	**$**	**582**	$	628
Semi-finished products		**630**		720
Finished products		**365**		376
Supplies and sundry items		**57**		61
Total	**$**	**1,634**	$	1,785

Current acquisition costs were estimated to exceed the above inventory values by $ 1,205 million and $735 million at June 30, 2020 and December 31, 2019, respectively. As a result of the liquidation of LIFO inventories, cost of sales increased and earnings before interest and income taxes decreased by $1 million and $6 million for the three and six months ended June 30, 2020, respectively. Cost of sales increased and earnings before interest and income taxes decreased by $8 million and $7 million for the three and six months ended June 30, 2019, respectively, as a result of liquidation of LIFO inventories.

Inventory includes $42 million and $40 million of land held for residential/commercial development as of June 30, 2020 and December 31, 2019, respectively.

9. Intangible Assets

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

		As of June 30, 2020				As of December 31, 2019		
(In millions)	**Useful Lives**	**Gross Carrying Amount**	**Accumulated Impairment [a]**	**Accumulated Amortization**	**Net Amount**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Amount**
Customer relationships	22 Years	**$ 132**	**$ 55**	**$ 77**	**$ —**	$ 132	$ 76	$ 56
Patents	10-15 Years	**22**	**7**	**10**	**5**	22	8	14
Energy Contract	10 Years	**54**	**—**	**2**	**52**	—	—	—
Other	4-20 Years	**14**	**5**	**9**	**—**	14	9	5
Total amortizable intangible assets		**$ 222**	**$ 67**	**$ 98**	**$ 57**	$ 168	$ 93	$ 75

[a] The impairment charge was the result of the quantitative impairment analysis of the welded tubular asset group for the period ended March 31, 2020. See Note 1 for further details.

The estimated amortization expense for the remainder of 2020 is $3 million. We expect approximately $6 million in annual amortization expense through 2025 and approximately $24 million in amortization expense thereafter.

The carrying amount of acquired water rights with indefinite lives as of June 30, 2020 and December 31, 2019 totaled $ 75 million.

10. Pensions and Other Benefits

The following table reflects the components of net periodic benefit cost for the three months ended June 30, 2020 and 2019:

(In millions)	Pension Benefits 2020	Pension Benefits 2019	Other Benefits 2020	Other Benefits 2019
Service cost	**$ 13**	$ 11	**$ 3**	$ 3
Interest cost	**48**	59	**16**	23
Expected return on plan assets	**(84)**	(81)	**(20)**	(20)
Amortization of prior service cost	**1**	1	**(2)**	7
Amortization of actuarial net loss	**36**	33	**(4)**	1
Net periodic benefit cost, excluding below	**14**	23	**(7)**	14
Multiemployer plans	**18**	19	**—**	—
Settlement, termination and curtailment losses (a)	**$ 2**	**$ —**	**$ —**	**$ —**
Net periodic benefit cost	**$ 34**	$ 42	**$ (7)**	$ 14

(a) During the three months ended June 30, 2020 the pension plan incurred special termination charges of approximately $2 million due to workforce restructuring.

The following table reflects the components of net periodic benefit cost for the six months ended June 30, 2020 and 2019:

(In millions)	Pension Benefits 2020	Pension Benefits 2019	Other Benefits 2020	Other Benefits 2019
Service cost	**$ 25**	$ 22	**$ 6**	$ 6
Interest cost	**96**	119	**32**	46
Expected return on plan assets	**(165)**	(162)	**(40)**	(40)
Amortization of prior service cost	**1**	1	**(4)**	14
Amortization of actuarial net loss	**72**	66	**(8)**	2
Net periodic benefit cost, excluding below	**29**	46	**(14)**	28
Multiemployer plans	**39**	37	**—**	—
Settlement, termination and curtailment losses (a)	**$ 8**	**$ —**	**$ —**	**$ —**
Net periodic benefit cost	**$ 76**	$ 83	**$ (14)**	$ 28

(a) During the six months ended June 30, 2020 the pension plan incurred special termination charges of approximately $8 million due to workforce restructuring.

Employer Contributions

During the first six months of 2020, U. S. Steel made cash payments of $ 39 million to the Steelworkers' Pension Trust and $ 1 million of pension payments not funded by trusts.

During the first six months of 2020, cash payments of $ 23 million were made for other postretirement benefit payments not funded by trusts.

Company contributions to defined contribution plans totaled $ 4 million and $ 12 million for the three months ended June 30, 2020 and 2019, respectively. Company contributions to defined contribution plans totaled $15 million and $22 million for the six months ended June 30, 2020 and 2019, respectively.

11. 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, and an additional 4,700,000 shares on April 28, 2020. 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 June 30, 2020, there were 5,949,130 shares available for future grants under the Omnibus Plan.

Recent grants of stock-based compensation consist of restricted stock units, total stockholder 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 summary of the awards made under the Omnibus Plan during the first six months of 2020 and 2019.

	2020		2019	
Grant Details	**Shares[a]**	**Fair Value[b]**	**Shares[a]**	**Fair Value[b]**
Restricted Stock Units	**2,640,690**	**$ 8.82**	1,002,400	$ 23.78
Performance Awards [c]				
TSR	**671,390**	**$ 8.19**	210,520	$ 29.22
ROCE [d]	**—**	**$ —**	526,140	$ 23.92

[a] The share amounts shown in this table do not reflect an adjustment for estimated forfeitures.
[b] Represents the per share weighted-average for all grants during the period.
[c] The number of performance awards shown represents the target value of the award.
[d] The ROCE awards granted in 2020 are not shown in the table because they were granted in cash.

U. S. Steel recognized pretax stock-based compensation expense in the amount of $ 9 million and $12 million in the three-month periods ended June 30, 2020 and 2019, respectively, and $13 million and $20 million in the first six months of 2020 and 2019, respectively.

As of June 30, 2020, total future compensation expense related to nonvested stock-based compensation arrangements was $ 22 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 stockholder return compared to the total stockholder return of a peer group of companies meets specified performance criteria with each year in the three-year performance period weighted at 20 percent and the full three-year performance weighted at 40 percent. 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, 2019.

12. Income Taxes

Tax provision

For the six months ended June 30, 2020 and 2019, we recorded a tax benefit of $ 24 million on our pretax loss of $ 1,004 million and a tax provision of $ 1 million on our pretax earnings of $123 million, respectively. In general, the amount of tax expense or benefit from continuing operations is determined without regard to the tax effect of other categories of income or loss, such as other comprehensive income. However, an exception to this rule applies when there is a loss from continuing operations and income from other categories. In 2020, the tax benefit includes a discrete benefit of $14 million related to this accounting exception. The tax benefit in 2020 also includes an expense of $ 13 million for an updated estimate to tax reserves related to an unrecognized tax benefit. Due to the full valuation allowance on our domestic deferred tax assets, the tax benefit in 2020 does not reflect any additional tax benefit for domestic pretax losses. In 2019, the tax provision reflects a benefit for percentage depletion in excess of cost depletion from iron ore that we produce and consume or sell.

The tax benefit for the first six months of 2020 was 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 2020 pretax results for U.S. and foreign income or loss vary from estimates applied herein, the actual tax provision or benefit recognized in 2020 could be materially different from the forecasted amount used to estimate the tax benefit for the six months ended June 30, 2020.

Unrecognized tax benefits

As of June 30, 2020, and December 31, 2019, the total amount of gross unrecognized tax benefits was $ 16 million and $3 million, respectively. The total amount of net unrecognized tax benefits that, if recognized, would affect the effective tax rate was $15 million and $2 million as of June 30, 2020 and December 31, 2019, respectively.

13. Earnings and Dividends Per Common Share

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

The effect of dilutive securities on weighted average common shares outstanding included in the calculation of diluted earnings per common share for the three and six months ended June 30, 2020 and June 30, 2019 were as follows.

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in millions, except per share amounts)	**2020**	**2019**	**2020**	**2019**
(Loss) earnings attributable to United States Steel Corporation stockholders	**$ (589)**	$ 68	**$ (980)**	$ 122
Weighted-average shares outstanding (in thousands):				
Basic	**175,327**	171,992	**172,775**	172,613
Effect of Senior Convertible Notes	**—**	—	**—**	—
Effect of stock options, restricted stock units and performance awards	**—**	520	**—**	862
Adjusted weighted-average shares outstanding, diluted	**175,327**	172,512	**172,775**	173,475
Basic (loss) earnings per common share	**$ (3.36)**	$ 0.39	**$ (5.67)**	$ 0.71
Diluted (loss) earnings per common share	**$ (3.36)**	$ 0.39	**$ (5.67)**	$ 0.70

Excluded from the computation of diluted (loss) earnings per common share due to their anti-dilutive effect were 5.9 million and 5.4 million outstanding securities granted under the Omnibus Plan for the three and six months ended June 30, 2020, respectively, and 3.8 million and 3.4 million outstanding securities granted under the Omnibus Plan for the three and six months ended June 30, 2019.

Dividends Paid Per Share

The dividend for each of the first and second quarters of 2020 and 2019 was one cent and five cents per common share, respectively.

14. 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 Condensed Consolidated Balance Sheet. U. S. Steel did not designate euro foreign exchange forwards entered into prior to July 1, 2019, as hedges; therefore, changes in their fair value were recognized immediately in the Condensed Consolidated Statements of Operations (mark-to-market accounting). As of June 30, 2020, all foreign exchange forwards for USSE that were not classified as hedges had matured. U. S. Steel elected cash flow hedge accounting for euro foreign exchange forwards prospectively effective July 1, 2019. Accordingly, future gains and losses for euro foreign exchange forwards entered into after July 1, 2019 are recorded within accumulated other comprehensive income (AOCI) until the related contract impacts earnings. 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 6 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.

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). In January 2020, the Company began purchasing commodity purchase swaps to mitigate variable purchase price risk for electricity at our Gary Works location. We elected cash flow hedge accounting for our U.S. commodity purchase swaps for natural gas, zinc and tin and use mark-to-market accounting for commodity purchase swaps used in our European operations and for electricity commodity purchase swaps.

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 June 30, 2020 and June 30, 2019:

Hedge Contracts	Classification	June 30, 2020	June 30, 2019
Natural gas (in mmbtus)	Commodity purchase swaps	**44,462,000**	64,354,000
Tin (in metric tons)	Commodity purchase swaps	**1,221**	990
Zinc (in metric tons)	Commodity purchase swaps	**12,564**	13,942
Electricity (in megawatt hours)	Commodity purchase swaps	**936,000**	—
Foreign currency (in millions of euros)	Foreign exchange forwards	**€ 239**	€ 301
Foreign currency (in millions of CAD)	Foreign exchange forwards	**$ 15**	$ 40

The following summarizes the fair value amounts included in our Condensed Consolidated Balance Sheets as of June 30, 2020 and December 31, 2019:

(In millions) Designated as Hedging Instruments	Balance Sheet Location	June 30, 2020	December 31, 2019
Commodity purchase swaps	Accounts receivable	**$ 5**	$ 1
Commodity purchase swaps	Accounts payable	**14**	17
Commodity purchase swaps	Investments and long-term receivables	**—**	1
Commodity purchase swaps	Other long-term liabilities	**2**	7
Foreign exchange forwards	Accounts receivable	**2**	—
Foreign exchange forwards	Accounts payable	**2**	1
Not Designated as Hedging Instruments			
Commodity purchase swaps	Accounts payable	**1**	—
Commodity purchase swaps	Other long-term liabilities	**1**	—
Foreign exchange forwards	Accounts receivable	**—**	4

The table below summarizes the effect of hedge accounting on AOCI and amounts reclassified from AOCI into earnings for the three and six months ended June 30, 2020 and 2019:

	Gain (Loss) on Derivatives in AOCI			Amount of Gain (Loss) Recognized in Income	
(In millions)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Location of Reclassification from AOCI (a)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019
Sales swaps (b)	**$ —**	$ —	Net sales	**$ —**	$ —
Commodity purchase swaps	**19**	(15)	Cost of sales (c)	**(12)**	(6)
Foreign exchange forwards	**(4)**	1	Cost of sales	**—**	—

(a) The earnings impact of our hedging instruments substantially offsets the earnings impact of the related hedged items since ineffectiveness is less than $1 million.
(b) U. S. Steel has elected hedge accounting prospectively for iron ore pellet sales swaps on January 1, 2019.
(c) Costs for commodity purchase swaps are recognized in cost of sales as products are sold.

	Gain (Loss) on Derivatives in AOCI			Amount of Gain (Loss) Recognized in Income	
(In millions)	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	Location of Reclassification from AOCI (a)	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Sales swaps (b)	**$ —**	$ 1	Net sales	**$ —**	$ (1)
Commodity purchase swaps	**11**	3	Cost of sales (c)	**(20)**	(10)
Foreign exchange forwards	**1**	1	Cost of sales	**—**	—

(a) The earnings impact of our hedging instruments substantially offsets the earnings impact of the related hedged items since ineffectiveness is less than $1 million.
(b) U. S. Steel has elected hedge accounting prospectively for iron ore pellet sales swaps on January 1, 2019.
(c) 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 Condensed Consolidated Statement of Operations for the three and six months ended June 30, 2020 and 2019:

		Amount of Gain (Loss) Recognized in Income	
(In millions)	Statement of Operations Location	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019
Foreign exchange forwards	Other financial costs	**$ —**	$ (2)

(In millions)	Statement of Operations Location	Amount of Gain (Loss) Recognized in Income	
		Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Commodity purchase swaps [(a)]	Cost of sales	$ (2)	$ —
Foreign exchange forwards	Other financial costs	3	7

[(a)] In January 2020, we began utilizing commodity purchase swaps to mitigate variable electricity price risk at our Gary Works location.

At current contract values, $9 million currently in AOCI as of June 30, 2020 will be recognized as an increase 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 where hedge accounting was elected is 18 months. The maximum contract duration for commodity purchase swaps where hedge accounting was not elected is 31 months.

15. Debt

(In millions)	Interest Rates %	Maturity	June 30, 2020	December 31, 2019
2037 Senior Notes	6.650	2037	$ 350	$ 350
2026 Senior Notes	6.250	2026	650	650
2026 Senior Convertible Notes	5.000	2026	350	350
2025 Senior Notes	6.875	2025	750	750
2025 Senior Secured Notes	12.000	2025	1,056	—
Environmental Revenue Bonds	4.875 - 6.750	2024 - 2049	620	620
Fairfield Caster Lease		2022	16	18
Other finance leases and all other obligations		2020 - 2029	73	48
ECA Credit Agreement	Variable	2031	104	—
Amended Credit Facility, $2.0 billion	Variable	2024	1,400	600
UPI Amended Credit Facility	Variable	2020	77	—
USSK Credit Agreement	Variable	2023	392	393
USSK Credit Facilities	Variable	2021	—	—
Total Debt			5,838	3,779
Less unamortized discount and debt issuance costs			239	138
Less short-term debt and long-term debt due within one year			94	14
Long-term debt			$ 5,505	$ 3,627

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, 2019.

2025 Senior Secured Notes

On May 29, 2020, U. S. Steel issued $ 1.056 billion aggregate principal amount of 12.000% Senior Secured Notes due June 1, 2025 (2025 Senior Secured Notes) in a 144A private transaction exempt from the registration requirements of the Securities Act of 1933, as amended. The notes were issued at a price equal to 94.665% of their face value. U. S. Steel received net proceeds from the offering of approximately $ 977 million after fees of approximately $23 million related to underwriting and third party expenses. The notes will pay interest semi-annually in arrears on June 1 and December 1 of each year, beginning on December 1, 2020. The notes are fully and unconditionally guaranteed on a senior secured basis by all of our existing and future direct and indirect material domestic subsidiaries (other than certain subsidiaries excluded in the indenture). The notes and notes guarantees are secured by first priority-liens, subject to permitted liens, on substantially all of U. S. Steel's domestic assets, other than certain excluded assets per the terms of the notes indenture and exclusive of the collateral required under the Credit Facility Agreement.

The Company may redeem the 2025 Senior Secured Notes, in whole or part, at our option on or after June 1, 2022 at the redemption price for such notes as a percentage of the principal amount, plus accrued and unpaid interest to, but excluding, the redemption date, if redeemed during the twelve-month period beginning on June 1st of each of the years indicated below.

Year	Redemption Price
2022	106 %
2023	103 %
2024 and thereafter	100 %

Prior to June 1, 2022, the Company may redeem up to 35% of the original aggregate principal amount of the 2025 Senior Secured Notes with the net cash proceeds of one or more equity offerings for a price of 112.000% of principal amount of the 2025 Senior Secured Notes plus accrued and unpaid interest, if any, to the applicable date of redemption. Upon the occurrence of certain assets sales, we are required to apply asset sale proceeds towards investments in assets that constitute Notes collateral. If all asset sale proceeds are not invested within one year, or such longer period as permitted by the indenture, we may be required to offer to repurchase the 2025 Senior Secured Notes up to an amount of asset sale proceeds that remain uninvested at a price of 100% of the principal amount thereof, plus accrued and unpaid interest if any to the date of such purchase. The indenture pursuant to which the 2025 Senior Secured Notes were issued contains limitations on the incurrence of additional debt secured by liens and additional customary covenants and other obligations.

Export Credit Agreement

Funding of U. S. Steel's vendor supported Export Credit Agreement (ECA) occurred on February 19, 2020. U. S. Steel borrowed $ 104 million under the ECA as of June 30, 2020. Loan repayments start six months after the starting point of credit as defined in the loan agreement with a total repayment term up to eight years. Loan availability and repayment terms are subject to certain customary covenants and events of default. The purpose of the ECA is to finance equipment purchased for the endless casting and rolling facility under construction at our Mon Valley Works facility in Braddock, Pennsylvania. In response to the decline in demand for our products resulting from the COVID-19 pandemic, we have delayed construction of our endless casting and rolling line at Mon Valley Works. We have also paused our borrowing under the ECA pending an update to the agreement or resumption of construction.

Amended and Restated Credit Agreement

As of June 30, 2020, there was $1.4 billion drawn under the $2.0 billion Fifth Amended and Restated Credit Facility Agreement (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 $ 200 million. Based on the most recent four quarters as of June 30, 2020, we would not have met the fixed charge coverage ratio test; therefore, the amount available to the Company under this facility is effectively reduced by $200 million. In addition, since the value of our inventory and trade accounts receivable less specified reserves calculated in accordance with the Credit Facility Agreement do not support the full amount of the facility at June 30, 2020, the amount available to the Company under this facility was further reduced by $210 million. The availability under the Credit Facility Agreement was $190 million as of June 30, 2020.

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 October 2024. 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.

The Credit Facility Agreement has customary representations and warranties including, as a condition to borrowing, that all such representations and warranties are true and correct, in all material respects, on the date of the borrowing, including representations as to no material adverse change in our business or financial condition that is not disclosed in our last published financial results. The facility also has customary defaults, including a cross-default to material indebtedness of U. S. Steel and our subsidiaries.

U. S. Steel Košice (USSK) Credit Facilities
At June 30, 2020, USSK had borrowings of € 350 million (approximately $392 million) under its €460 million (approximately $515 million) revolving credit facility (USSK Credit Agreement). The USSK Credit Agreement contains certain USSK specific financial covenants including a minimum stockholders' equity to assets ratio and net debt to EBITDA ratio. The covenants are measured semi-annually at June and December each year for the period covering the last twelve calendar months, with the first net debt to EBITDA measurement occurring at June 2021. USSK must maintain a net debt to EBITDA ratio of less than 6.5 as of June 30, 2021 and 3.5 for semi-annual measurements starting December 31, 2021. The Company has determined that it may not be able to comply with the net debt to EBITDA covenant as of June 30, 2021 based on recent forecast scenarios. Although we may seek to obtain a waiver for this covenant, we believe that we will have sufficient cash on hand as of June 30, 2021 to reduce net debt as calculated under the covenant to avoid a covenant violation, if necessary. If covenant compliance requirements are not amended or waived or we are not able to reduce USSK's net debt with cash on hand, it may result in an event of default, under which USSK may not draw upon the facility, and the majority lenders, as defined in the USSK Credit Agreement, may cancel any and all commitments, and/or accelerate full repayment of any or all amounts outstanding under the USSK Credit Agreement. An event of default under the USSK Credit Agreement could also result in an event of default under the Credit Facility Agreement.

On December 23, 2019, USSK entered into a supplemental agreement that amended the USSK Credit Agreement leverage covenant and pledged certain USSK trade receivables and inventory as collateral in support of USSK's obligations.

At June 30, 2020, USSK had availability of € 110 million (approximately $123 million) under the USSK Credit Agreement. The USSK Credit Agreement expires in September 2023.

The USSK Credit Agreement contains customary representations and warranties including, as a condition to borrowing, that it met certain financial covenants since the last measurement date, and that all such representations and warranties are true and correct, in all material respects, on the date of the borrowing, and representations as to no material adverse change in our business or financial condition since December 31, 2017. The USSK Credit Facility Agreement also contains customary events of default, including a cross-default upon acceleration of material indebtedness of USSK and its subsidiaries.

At June 30, 2020, USSK had no borrowings under its €20 million and €10 million credit facilities (collectively, approximately $ 34 million) and the availability was approximately $32 million due to approximately $ 2 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.

USS-POSCO Industries Credit Facility
At June 30, 2020, USS-POSCO Industries (UPI) had borrowings of $ 77 million under its $110 million revolving credit facility (UPI Amended Credit Facility). Borrowings are secured by liens on certain UPI inventory and trade accounts receivable. The UPI Amended Credit Facility 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. At June 30, 2020, UPI had availability of $7 million under the UPI Amended Credit Facility. The UPI Amended Credit Facility agreement was terminated on July 17, 2020 and the outstanding borrowings were repaid using cash on hand. Upon termination of the UPI Amended Credit Facility, UPI was added as a subsidiary guarantor to the Credit Facility Agreement which increased the inventory and trade accounts receivable under that facility and resulted in an increase in U. S. Steel's liquidity.

Change in control event
If there is a change in control of U. S. Steel, the following may occur: (a) debt obligations totaling $ 5,129 million as of June 30, 2020 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 approximately $17 million or provide a letter of credit to secure the remaining obligation.

16. 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 Condensed Consolidated Balance Sheet approximate fair value. See Note 14 for disclosure of U. S. Steel's derivative instruments, which are accounted for at fair value on a recurring basis.

The net change in fair value of the options related to our purchase of the equity investment in Big River Steel during the six months ended June 30, 2020 resulted in an $6 million decrease to net interest and other financial costs. The financial impact was due to an increase in U. S. Steel's credit spread and higher volatility partially offset by a lower risk free interest rate and a lower Big River Steel equity value.

The following table shows the change in fair value by option for the six month period ended June 30, 2020.

(In millions)	Balance Sheet Location	Fair Value asset/(liability) at December 31, 2019	Fair Value Mark to Market gain/(loss)	Fair Value asset/(liability) at June 30, 2020
U. S. Steel Call Option	Investments and Long-Term Receivables	$ 166	$ (35)	$ 131
Class B Common Put Option	Deferred credits and other noncurrent liabilities	$ (192)	$ 42	$ (150)
Class B Common Call Option	Deferred credits and other noncurrent liabilities	$ (2)	$ (1)	$ (3)
Net Mark to Market Impact			$ 6	

The fair value of the U. S. Steel Call Option and Class B Common Put Option are most significantly impacted by certain unobservable inputs including Big River Steel's equity value and volatility. The Class B Common Put Option is also significantly impacted by U. S. Steel's credit spread. See Note 20 of the audited financial statements in the United States Steel Corporation Annual Report on Form 10-K for the fiscal year ended December 31, 2019 for further details.

Stelco Option for Minntac Mine Interest

On April 30, 2020 (the Effective Date), the Company entered into an Option Agreement with Stelco, Inc. (Stelco), that grants Stelco the option to purchase a 25 percent interest (the Option Interest) in a to-be-formed entity (the Joint Venture) that will own the Company's current iron ore mine located in Mt. Iron, Minnesota (the Minntac Mine). As consideration for the Option, Stelco will pay the Company an aggregate amount of $100 million in five $20 million installments, which began on the Effective Date and will end on December 31, 2020. In the event Stelco exercises the option, Stelco will contribute an additional $500 million to the Joint Venture, which amount shall be remitted solely to U. S. Steel in the form of a one-time special distribution, and the parties will engage in good faith negotiations to finalize the master agreement (pursuant to which Stelco will acquire the Option Interest) and the limited liability company agreement of the Joint Venture. As of June 30, 2020, Stelco has made installment payments totaling $40 million which are recorded net of transaction costs in noncontrolling interest in the Condensed Consolidated Balance Sheet.

The following table summarizes U. S. Steel's financial liabilities that were not carried at fair value at June 30, 2020 and December 31, 2019. The fair value of long-term debt was determined using Level 2 inputs.

	June 30, 2020		December 31, 2019	
(In millions)	Fair Value	Carrying Amount	Fair Value	Carrying Amount
Financial liabilities:				
Long-term debt [(a)]	**$ 5,029**	**$ 5,510**	$ 3,576	$ 3,575

(a) Excludes finance lease obligations.

17. Statement of Changes in Stockholders' Equity

The following table reflects the first six months of 2020 and 2019 reconciliation of the carrying amount of total equity, equity attributable to U. S. Steel and equity attributable to noncontrolling interests:

Six Months Ended June 30, 2020 (In millions)	Total	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive (Loss) Income	Common Stock	Treasury Stock	Paid-in Capital	Non-Controlling Interest
Balance at beginning of year	$ 4,093	$ 544	$ (478)	$ 179	$ (173)	$ 4,020	$ 1
Comprehensive income (loss):							
Net loss	(391)	(391)	—	—	—	—	—
Other comprehensive income (loss), net of tax:							
Pension and other benefit adjustments	52	—	52	—	—	—	—
Currency translation adjustment	(23)	—	(23)	—	—	—	—
Derivative financial instruments	(5)	—	(5)				
Employee stock plans	2	—	—	—	(2)	4	—
Dividends paid on common stock	(2)	(2)	—	—	—	—	—
Balance at March 31, 2020	3,726	151	(454)	179	(175)	4,024	1
Comprehensive income (loss):							
Net loss	(589)	(589)	—	—	—	—	—
Other comprehensive income (loss), net of tax:							
Pension and other benefit adjustments	29	—	29	—	—	—	—
Currency translation adjustment	20	—	20	—	—	—	—
Derivative financial instruments	15	—	15	—	—	—	—
Employee stock plans	8	—	—	—	—	8	—
Common Stock Issued	410	—	—	50	—	360	—
Dividends paid on common stock	(1)	—	—	—	—	(1)	—
Stelco Option Agreement	37	—	—	—	—	—	37
Other	(1)	—	—	—	—	—	(1)
Balance at June 30, 2020	$ 3,654	$ (438)	$ (390)	$ 229	$ (175)	$ 4,391	$ 37

Six Months Ended June 30, 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	2	—	—	1	(6)	7	—
Common stock repurchased	(42)	—	—	—	(42)	—	—
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
Comprehensive income (loss):							
Net earnings	68	68	—	—	—	—	—
Other comprehensive income (loss), net of tax:							
Pension and other benefit adjustments	32	—	32	—	—	—	—
Currency translation adjustment	12	—	12	—	—	—	—
Derivative financial instruments	(11)	—	(11)	—	—	—	—
Employee stock plans	12	—	—	1	(1)	12	—
Common stock repurchased	(28)	—	—	—	(28)	—	—
Dividends paid on common stock	(9)	(9)	—	—	—	—	—
Balance at June 30, 2019	$ 4,312	$ 1,314	$ (963)	$ 179	$ (155)	$ 3,936	$ 1

18. 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, 2019	$ (843)	$ 381	$ (16)	$ (478)
Other comprehensive income (loss) before reclassifications	**8**	**(3)**	**(8)**	**(3)**
Amounts reclassified from AOCI [(a)]	**73**	**—**	**18**	**91**
Net current-period other comprehensive income (loss)	**81**	**(3)**	**10**	**88**
Balance at June 30, 2020	**$ (762)**	**$ 378**	**$ (6)**	**$ (390)**
Balance at December 31, 2018	$ (1,416)	$ 403	$ (13)	$ (1,026)
Other comprehensive income (loss) before reclassifications	1	(5)	15	11
Amounts reclassified from AOCI [(a)]	63	—	(11)	52
Net current-period other comprehensive income (loss)	64	(5)	4	63
Balance at June 30, 2019	$ (1,352)	$ 398	$ (9)	$ (963)

(a) See table below for further details.

	Amount reclassified from AOCI [(a)]			
	Three Months Ended June 30,		Six Months Ended June 30,	
Details about AOCI components (in million)	2020	2019	2020	2019
Amortization of pension and other benefit items				
Prior service costs [(a)]	**$ (1)**	$ 8	**$ (3)**	$ 15
Actuarial losses [(a)]	**32**	34	**64**	68
UPI Purchase Accounting Adjustment	**—**	—	**23**	—
Total pensions and other benefits items	**31**	42	**84**	83
Derivative reclassifications to Condensed Consolidated Statements of Operations	**10**	(1)	**22**	(14)
Total before tax	**41**	41	**106**	69
Tax provision	**(7)**	(10)	**(15)**	(17)
Net of tax	**$ 34**	$ 31	**$ 91**	$ 52

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

19. Transactions with Related Parties

Related party sales and service transactions are primarily related to equity investees and were $ 91 million and $370 million for the three months ended June 30, 2020 and 2019, respectively and $442 million and $745 million for the six months ended June 30, 2020 and 2019, respectively. The transaction to purchase UPI included the assumption of $135 million of accounts payable owed to U. S. Steel for prior sales of steel substrate to UPI. This amount is reflected as a reduction in receivables from related parties on the Company's Condensed Consolidated Balance Sheet as both the corresponding receivable and payable amounts between U. S. Steel and UPI are eliminated in consolidation upon acquisition. See Note 5 to the Condensed Consolidated Financial Statements for further details.

Purchases from related parties for outside processing services provided by equity investees amounted to $ 10 million and $7 million for the three months ended June 30, 2020 and 2019, respectively and $38 million and $16 million for the six months ended June 30, 2020 and 2019, respectively. Purchases of iron ore pellets from related parties amounted to $16 million and $31 million for the three months ended June 30, 2020 and 2019, respectively, and $ 34 million and $51 million for the six months ended June 30, 2020 and 2019.

Accounts payable to related parties include balances due to PRO-TEC Coating Company, LLC (PRO-TEC) of $ 72 million and $82 million at June 30, 2020 and December 31, 2019, 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 $2 million for the periods ending June 30, 2020 and December 31, 2019.

20. Restructuring and Other Charges

During the three months ended June 30, 2020, the Company recorded restructuring and other charges of $ 89 million, which consists of charges of $47 million for the indefinite idling of our Keetac mining operations and a significant portion of Great Lakes Works, $ 2 million for other charges, $8 million for employee benefit costs related to Company-wide headcount reductions and $32 million headcount reductions under a Voluntary Early Retirement Program (VERP) offered at USSK.

During the six months ended June 30, 2020, the Company recorded restructuring and other charges of $ 130 million, which consists of charges of $72 million for the indefinite idling of our Keetac mining operations and a significant portion of Great Lakes Works, $ 13 million for the indefinite idling of Lorain Tubular Operations and Lone Star Tubular Operations, $13 million and $32 million for employee benefit costs related to Company-wide headcount reductions and headcount reductions under a VERP offered at USSK, respectively. Cash payments were made related to severance and exit costs of approximately $33 million.

The activity in the accrued balances incurred in relation to restructuring programs during the six months ended June 30, 2020 were as follows:

(In millions)	Employee Related Costs	Exit Costs	Non-cash Charges	Total
Balance at December 31, 2019	$ 87	$ 125	$ —	$ 212
Additional charges	**75**	**51**	4	**130**
Cash payments/utilization	**(12)**	**(21)**	(4)	**(37)**
Balance at June 30, 2020	**$ 150**	**$ 155**	$ —	**$ 305**

Accrued liabilities for restructuring programs are included in the following balance sheet lines:

(In millions)	June 30, 2020	December 31, 2019
Accounts payable	**$ 63**	$ 46
Payroll and benefits payable	**119**	64
Employee benefits	**30**	23
Deferred credits and other noncurrent liabilities	**93**	79
Total	**$ 305**	$ 212

21. 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 Condensed 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 June 30, 2020, U. S. Steel was a defendant in approximately 816 active cases involving approximately 2,400 plaintiffs. The vast majority of these cases involve multiple defendants. About 1,540, or approximately 64 percent, of these plaintiff claims are currently pending in jurisdictions which permit filings with massive numbers of plaintiffs. At December 31, 2019, U. S. Steel was a defendant in approximately 800 cases involving approximately 2,390 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 [(a)]	New Claims	Closing Number of Claims
December 31, 2017	3,340	275	250	3,315
December 31, 2018	3,315	1,285	290	2,320
December 31, 2019	2,320	195	265	2,390
June 30, 2020	2,390	130	140	2,400

(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 2019, 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)	**Six Months Ended June 30, 2020**
Beginning of period	**$ 186**
Accruals for environmental remediation deemed probable and reasonably estimable	**2**
Obligations settled	**(15)**
End of period	**$ 173**

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

(In millions)	June 30, 2020	December 31, 2019
Accounts payable	**$ 54**	$ 53
Deferred credits and other noncurrent liabilities	**119**	133
Total	**$ 173**	$ 186

Expenses related to remediation are recorded in cost of sales and were immaterial for both the three and six-month periods ended June 30, 2020 and June 30, 2019. It is not currently 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 20 to 30 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 six 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, Gary Works and the former steelmaking plant at Joliet, Illinois. As of June 30, 2020, accrued liabilities for these projects totaled $2 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 $30 million to $45 million.

(2) *Significant Projects with Defined Scope* - Projects with significant accrued liabilities with a defined scope. As of June 30, 2020, there are four significant projects with defined scope greater than or equal to $5 million each, with a total accrued liability of $ 115 million. These projects are Gary Resource Conservation and Recovery Act (RCRA) (accrued liability of $24 million), the former Geneva facility (accrued liability of $ 38 million), the Cherryvale zinc site (accrued liability of $9 million) and the former Duluth facility St. Louis River Estuary (accrued liability of $ 44 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 June 30, 2020 was $3 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 June 30, 2020 was approximately $3 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 $ 23 million at June 30, 2020 and were based on known scopes of work.

Administrative and Legal Costs – As of June 30, 2020, U. S. Steel had an accrued liability of $ 11 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 six months of 2020 and 2019, such capital expenditures totaled $7 million and $30 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 Emissions 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. Based on projected total production levels, we started to purchase allowances in the third quarter of 2017 to meet the annual compliance submission in the future. As of June 30, 2020, we have purchased approximately 12.3 million European Union Allowances totaling €141.1 million (approximately $154.6 million) to cover the estimated shortfall of emission allowances. We estimate that the total shortfall will be approximately 12 million allowances for the Phase III period. The exact cost of complying with the ETS regulations will depend on future production levels and future emissions intensity levels, however our estimated shortfall of emission allowances is covered by purchased European Union Allowances.

The EU's Industrial Emissions 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 estimate of total capital expenditures for projects to comply with or go beyond BAT requirements is €138 million (approximately $151 million) over the actual program period. These costs may be mitigated if USSK complies with certain financial covenants, which are assessed annually according to EU funding rules. USSK complied with these covenants as of June 30, 2020. 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 $173 million of accrued liabilities for remediation discussed above), there are no other known probable and estimable environmental liabilities related to these transactions.

Guarantees – The maximum guarantees of the indebtedness of unconsolidated entities of U. S. Steel totaled $ 7 million at June 30, 2020.

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 $25 million at June 30, 2020). 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 $209 million as of June 30, 2020, 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 $129 million and $190 million at June 30, 2020 and December 31, 2019, respectively.

Capital Commitments – At June 30, 2020, U. S. Steel's contractual commitments to acquire property, plant and equipment totaled $ 790 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 2020	2021	2022	2023	2024	Later Years	Total
$306	$699	$622	$386	$160	$851	$3,024

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 16 years. Unconditional purchase obligations also include coke and steam purchase commitments related to a coke supply agreement with Gateway Energy & Coke Company LLC (Gateway) under which Gateway is obligated to supply a minimum volume of the expected targeted annual production of the heat recovery coke plant, and U. S. Steel is obligated to purchase the coke from Gateway at the contract price. As of June 30, 2020, if U. S. Steel were to terminate the agreement, it may be obligated to pay in excess of $125 million.

Total payments relating to unconditional purchase obligations were $ 134 million and $168 million for the three months ended June 30, 2020 and 2019, respectively, and $302 million and $326 million for the six months ended June 30, 2020 and 2019, respectively.

22. Significant Equity Investments

Summarized unaudited income statement information for our significant equity investments for the six months ended June 30, 2020 and 2019 is reported below (amounts represent 100% of investee financial information):

(In millions)	2020	2019
Net sales	**$ 461**	$ 648
Cost of sales	**435**	559
Operating (loss) income	**(1)**	64
Net (loss) earnings	**(23)**	58
Net (loss) earnings attributable to significant equity investments	**(23)**	58

U. S. Steel's portion of the equity in net (loss) earnings of the significant equity investments above was $(10) million and $30 million for the six months ended June 30, 2020 and 2019, respectively, which is included in the earnings from investees line on the Condensed Consolidated Statement of Operations.

23. Common Stock Issued and Repurchased

On June 22, 2020, U. S. Steel issued 50 million shares of common stock (par value $1 per share) at a price of $8.2075 per share, resulting in net proceeds of $410 million. An overallotment option was granted to the underwriter for 7.5 million shares at a price of $8.2075 per share. The overallotment option expired unexercised on July 17, 2020.

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 six months ended June 30, 2019, U. S. Steel repurchased 3,964,191 shares of common stock for approximately $70 million. In December 2019, the Board of Directors terminated the authorization for the common stock repurchase program.

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

RESULTS OF OPERATIONS

U. S. Steel's results in the three and six months ended June 30, 2020 were significantly impacted by market challenges in each of the Company's three reportable segments: North American Flat-Rolled (Flat-Rolled), U. S. Steel Europe (USSE) and Tubular Products (Tubular). In Flat-Rolled, the results were largely impacted by the reset of calendar year fixed contract prices, lost shipments due to many customers ceasing operations due to restrictions put in place in response to the coronavirus (COVID-19) pandemic, and the resultant spot price erosion realized as U.S. industry capacity utilization plummeted to the lowest level in 11 years. USSE continues to experience margin compression due to ongoing weak performance of the manufacturing sector and continued high levels of imports. In Tubular, the COVID-19 outbreak reduced demand for oil and gas and severely impacted energy prices, creating unprecedented reductions of drilling activity in the U.S.

Net sales by segment for the three and six months ended June 30, 2020 and 2019 are set forth in the following table:

	Three Months Ended June 30,			Six Months Ended June 30,		
(Dollars in millions, excluding intersegment sales)	**2020**	**2019**	**% Change**	**2020**	**2019**	**% Change**
Flat-Rolled Products (Flat-Rolled)	**$ 1,497**	$ 2,539	(41) %	**$ 3,471**	$ 4,944	(30) %
U. S. Steel Europe (USSE)	**403**	678	(41) %	**908**	1,415	(36) %
Tubular Products (Tubular)	**182**	316	(42) %	**437**	659	(34) %
Total sales from reportable segments	**2,082**	3,533	(41) %	**4,816**	7,018	(31) %
Other Businesses	**9**	12	(25) %	**23**	26	(12) %
Net sales	**$ 2,091**	$ 3,545	(41) %	**$ 4,839**	$ 7,044	(31) %

Management's analysis of the **percentage change in net sales** for U. S. Steel's reportable business segments for the three months ended June 30, 2020 versus the three months ended June 30, 2019 is set forth in the following table:

Three Months Ended June 30, 2020 versus Three Months Ended June 30, 2019

	Steel Products[(a)]					
	Volume	**Price**	**Mix**	**FX[(b)]**	**Coke & Other[(c)]**	**Net Change**
Flat-Rolled	(32)%	(8)%	3%	—%	(4)%	(41)%
USSE	(39)%	(3)%	3%	(2)%	—%	(41)%
Tubular	(32)%	(9)%	(1)%	—%	—%	(42)%

[a)] Excludes intersegment sales

(b) Foreign currency translation effects
(c) Includes sales of coke and scrap inventory

Net sales were $2,091 million in the three months ended June 30, 2020, compared with $3,545 million in the same period last year. The decrease in sales for the Flat-Rolled segment resulted from decreased shipments (decrease of 1,014 thousand tons) across all products and lower realized prices (decrease of $58 per net ton) across all products. The USSE segment continues to experience significant market challenges, which resulted in decreased sales versus the same period last year. The decrease in sales for the USSE segment resulted from decreased shipments (decrease of 394 thousand tons) across most products and lower realized prices (decrease of $20 per net ton) across all products from continued high levels of imports and significantly weaker economic conditions, primarily in the manufacturing sector. The decrease in sales for the Tubular segment resulted from decreased shipments (decrease of 63 thousand tons) across all prime products and lower realized prices (decrease of $236 per net ton) across all products.

Management's analysis of the **percentage change in net sales** for U. S. Steel's reportable business segments for the six months ended June 30, 2020 versus the six months ended June 30, 2019 is set forth in the following table:

Six Months Ended June 30, 2020 versus Six Months Ended June 30, 2019

	Steel Products[a]					
	Volume	**Price**	**Mix**	**FX[b]**	**Coke & Other[c]**	**Net Change**
Flat-Rolled	(20)%	(9)%	2%	—%	(3)%	(30)%
USSE	(32)%	(5)%	3%	(2)%	—%	(36)%
Tubular	(20)%	(11)%	(2)%	—%	(1)%	(34)%

(a) Excludes intersegment sales
(b) Foreign currency translation effects
(c) Includes sales of coke and scrap inventory

Net sales were $4,839 million in the six months ended June 30, 2020, compared with $7,044 million in the same period last year. The decrease in sales for the Flat-Rolled segment resulted from decreased shipments (decrease of 1,230 thousand tons) across all products and lower realized prices (decrease of $74 per net ton) across all products. The USSE segment continues to experience significant market challenges, which resulted in decreased sales versus the same period last year. The decrease in sales for the USSE segment resulted from decreased shipments (decrease of 657 thousand tons) across most products and lower realized prices (decrease of $41 per net ton) across all products from continued high levels of imports and significantly weaker economic conditions, primarily in the manufacturing sector. The decrease in sales for the Tubular segment resulted from decreased shipments (decrease of 83 thousand tons) across all prime products and lower realized prices (decrease of $252 per net ton) across all products.

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 Condensed Consolidated Statements of Operations.

Defined benefit and multiemployer pension plan costs included in cost of sales totaled $31 million and $64 million in the three and six months ended June 30, 2020, respectively, compared to $30 million and $59 million in the comparable periods in 2019.

Costs related to defined contribution plans totaled $4 million and $15 million for the three and six months ended June 30, 2020, respectively, compared to $11 million and $23 million in the comparable periods in 2019.

Other benefit expense included in cost of sales totaled $3 million and $6 million in the three and six months ended June 30, 2020, respectively, and $3 million and $6 million in the comparable periods in 2019.

Selling, general and administrative expenses

Selling, general and administrative expenses were $62 million and $134 million in the three and six months ended June 30, 2020, respectively, compared to $82 million and $160 million in the three and six months ended June 30, 2019, respectively.

Restructuring and other charges

During the three months ended June 30, 2020, the Company recorded restructuring and other charges of $89 million, which consists of charges of $47 million for the indefinite idling of our Keetac mining operations and a significant portion of Great Lakes Works, $2 million for other charges, $8 million for employee benefit costs related to Company-wide headcount reductions and $32 million headcount reductions under a Voluntary Early Retirement Program (VERP) offered at USSK.

During the six months ended June 30, 2020, the Company recorded restructuring and other charges of $130 million, which consists of charges of $72 million for the indefinite idling of our Keetac mining operations and a significant portion of Great Lakes Works, $13 million for the indefinite idling of Lorain Tubular Operations and Lone Star Tubular Operations, $13 million and $32 million for employee benefit costs related to Company-wide headcount reductions and headcount reductions under a VERP offered at USSK, respectively. Cash payments were made related to severance and exit costs of approximately $33 million.

Charges for restructuring initiatives are recorded in the period the Company commits to a restructuring plan, or executes specific actions contemplated by the plan and all criteria for liability recognition have been met. Charges related to restructuring are reported in restructuring and other charges in the Condensed Consolidated Statements of Operations.

Strategic projects and technology investments

The Company expects to invest approximately $500 million, of which approximately 45 percent has already been spent, to upgrade the Gary Works hot strip mill through a series of projects focused on expanding the line's competitive advantages. The Gary Works hot strip mill will further differentiate itself as a leader in heavy-gauge products in strategic markets. The Company currently has paused planned upgrades and will continue to evaluate the pace and timeline for completing the remaining investments in the Gary Works hot strip mill.

In October 2019, the Company completed the first step in acquiring Big River Steel in Osceola, Arkansas through the purchase of a 49.9% ownership interest at a purchase price of approximately $700 million in cash, with a call option to acquire the remaining 50.1% within the next four years at an agreed-upon price formula based on Big River Steel’s achievement of certain metrics that include: free cash flow, product development, safety and the completion of a proposed expansion of Big River Steel's existing manufacturing line. Big River Steel currently operates a technologically advanced mini mill with approximately 1.65 million tons of steel making capacity.

In May 2019, U. S. Steel announced that it will construct a new 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. This investment in state-of-the-art sustainable steel technology is expected to significantly upgrade the production capability of our lowest liquid steel cost mill in the U.S., while further reducing conversion costs through improved process efficiencies, yield and energy consumption. The company has delayed groundbreaking for this project for an indeterminate period until market conditions become more certain.

In February 2019, U. S. Steel restarted construction of the EAF steelmaking facility at its Tubular Operations in Fairfield, Alabama. The EAF is expected to strengthen our competitive position and reduce rounds cost by $90 per ton as the Company becomes self-sufficient in its rounds supply. The EAF is expected to begin producing steel in the fourth quarter of 2020.

In January 2019, U. S. Steel announced the construction of a new Dynamo line at USSE. The new line, a $130 million investment, has an annual capacity of approximately 100,000 metric tons. Construction on the Dynamo line began in mid-2019 and was targeted to be operational in the fourth quarter of 2020 but based on market conditions, the project is delayed. Upon its completion, the new line will enable production of sophisticated silicon grades of non-grain oriented (NGO) electrical steels to support increased demand in vehicles and generators.

COVID-19 and Disruptions in the Oil and Gas Industries

The global pandemic resulting from the novel coronavirus designated as COVID-19 has had a significant impact on economies, businesses and individuals around the world. Efforts by governments around the world to contain the virus have involved, among other things, border closings and other significant travel restrictions; mandatory stay-at-home and work-from-home orders in numerous countries, including the United States; mandatory business closures; public gathering limitations; and prolonged quarantines. These efforts and other governmental and individual reactions to the pandemic have led to significant disruptions to commerce, lower consumer demand for goods and services and general uncertainty regarding the near-term and long-term impact of the COVID-19 virus on the domestic and international economy and on public health. These developments and other consequences of the outbreak have had, and could continue to have, a material adverse impact on the Company's results of operations, financial condition and cash flows.

The U.S. Department of Homeland Security guidance has identified U. S. Steel's business as a critical infrastructure industry, essential to the economic prosperity, security and continuity of the United States. Similarly, in Slovakia, U. S. Steel Košice (USSK) was identified by the government as a strategic and critical company, essential to economic prosperity, and continues to operate. We are following the Centers for Disease Control and Prevention guidelines and other applicable local requirements to mitigate the threat of COVID-19 exposure in our workplace.

The duration, severity, speed and scope of the COVID-19 pandemic remains highly uncertain and the extent to which COVID-19 will affect our operations depends on future developments, such as potential surges of the outbreak, which cannot be predicted at this time. Although we have continued to operate, we have experienced, and may continue to experience, significant reductions in demand for our products. We believe that our second quarter financial results marked the trough for the year as customer demand has started to return.

The oil and gas industry, which is one of our significant end markets, has experienced and continues to experience, a significant amount of disruption and oversupply at a time of declining demand, resulting in a decline in profitability. Our Tubular operations support the oil and gas industry, and therefore the industry's decline has led to a significant decline in demand for our Tubular products. In the first quarter of 2020 the steep decline in oil prices was considered a triggering event for our welded tubular and seamless tubular asset groups, and as a consequence, we recorded a $263 million impairment charge for the welded tubular asset group (see Note 1 to the Condensed Consolidated Financial Statements for further details).

In response to the decline in demand for our products resulting from the COVID-19 pandemic and the disruptions in the oil and gas industry, we have taken a number of actions to mitigate the impact on our business and to preserve cash and enhance our liquidity, including:

- On June 22, 2020, we issued 50 million shares of common stock for $8.2075 per share, yielding net proceeds of approximately $410 million.
- On May 29, 2020, we completed the sale of $1.056 billion aggregate principal amount of 12.000% Senior Secured Notes due 2025 for net proceeds of approximately $977 million.
- On March 23, 2020, we borrowed an additional $800 million under the Credit Facility Agreement to bolster our cash balance, $100 million of which was subsequently repaid in the second quarter of 2020.
- We announced a $125 million reduction in expected 2020 capital expenditures, including a delay in the construction of our endless casting and rolling line at Mon Valley Works.

Operating configuration changes in response to market conditions and COVID-19

The Company has adjusted its operating configuration in response to changing market conditions including the economic impacts from the COVID-19 pandemic, significant recent changes in global oil and gas markets and increasing global overcapacity and unfairly traded imports by indefinitely and temporarily idling certain of its facilities. U. S. Steel will continue to adjust its operating configuration in order to align production with its order book and meet the needs of our customers.

In March and April of 2020, we took additional footprint actions to temporarily idle certain operations for an indefinite period to better align production with customer demand, including:

- Blast Furnaces #4, #6 and #8 at Gary Works
- Blast Furnace A at Granite City Works

- Blast Furnace #1 at Mon Valley Works
- Lone Star Tubular Operations
- Lorain Tubular Operations
- Keetac Iron Ore Operations

Additionally, U. S. Steel reduced coke production at its Clairton Plant and adjusted production at its Minntac operations in line with the blast furnace idlings. U. S. Steel reduced operating levels in the Tubular business and other production facilities and will continue to evaluate its operating configuration to properly respond to ever changing conditions. As market conditions change, we continually assess the footprint required to support our customers' needs and make decisions about resuming production at idled facilities or increasing production at facilities operating at reduced levels. Since then we also began to indefinitely idle the Hughes Springs, Texas coupling production facility of Wheeling Machine Products in May 2020. As demand has increased, the Company restarted blast furnace #1 at Mon Valley Works in June 2020 and blast furnace #6 at Gary Works in July 2020. Plans were also underway in late July 2020 to restart blast furnace #8 at Gary Works on August 1, 2020. In addition, to mitigate impacts from the pandemic we reduced certain costs at our plants and headquarters. In connection with the temporary idlings described above, we have taken actions to appropriately streamline our footprint and workforce.

As of June 30, 2020 the carrying value of the idled fixed assets within the non restarted or not currently planning to restart facilities noted above was: Gary Works blast furnace #4, $45 million; Granite City Works Blast Furnace A, $65 million; Lone Star Tubular Operations, $10 million; Lorain Tubular Operations, $75 million; and Keetac Iron Ore Operations, $85 million.

In December 2019, U. S. Steel announced that it would indefinitely idle a significant portion of Great Lakes Works. The Company began idling the iron and steelmaking facilities in March 2020 and the hot strip mill rolling facility in June 2020. The carrying value of the Great Lakes Works facilities that we intend to indefinitely idle was approximately $355 million as of June 30, 2020.

In December 2019, the Company completed the indefinite idling of its East Chicago Tin (ECT) operations within its Flat-Rolled segment. ECT was indefinitely idled primarily due to increased tin import levels in the U.S. Additionally, U. S. Steel indefinitely idled its finishing facility in Dearborn, Michigan (which operates an electrolytic galvanizing line), during the fourth quarter of 2019. The carrying value of these facilities was approximately $20 million as of June 30, 2020.

In October 2019, the Company announced an enhanced operating model and organizational structure to accelerate the Company's strategic transformation and better serve its customers. The new operating model was effective January 1, 2020 and is centered around manufacturing, commercial, and technological excellence. Our former “commercial entity” structure was put into place to deepen understanding of business ownership and our relationships with customers and allowed the Company to identify the technology that would differentiate our products and processes on the basis of cost and/or capabilities. The new enhanced operating model is a logical next step in the execution of the Company's strategy and will make us a more nimble company positioned to deliver the benefits of our strategy through the cycle.

In July 2019, U. S. Steel began implementing a labor productivity strategy at USSK so that it could better compete in the European steel market, which has experienced softening demand as well as a significant increase in imports. It was anticipated that the labor productivity strategy would result in total headcount reductions, including contractors, of approximately 2,500 by the end of 2021. As part of the labor productivity strategy, a voluntary early retirement program was offered in April 2020, which allowed employees to terminate their employment contract effective July 1, 2020. As of July 1, 2020 approximately 2,950 positions, including approximately 475 contractors, were eliminated.

In June 2019, to better align global production with its order book U. S. Steel idled a blast furnace in Europe resulting in a monthly blast furnace production capacity reduction of approximately 125,000 tons. Blast furnace production may resume when market conditions improve. As of June 30, 2020 the carrying value of this idled blast furnace was $10 million.

Earnings (loss) before interest and income taxes by segment for the three and six months ended June 30, 2020 and 2019 is set forth in the following table:

(Dollars in millions)	Three months ended June 30, 2020	Three months ended June 30, 2019	% Change	Six months ended June 30, 2020	Six months ended June 30, 2019	% Change
Flat-Rolled	**$ (329)**	$ 134	(346) %	**$ (364)**	$ 229	(259)%
USSE	**(26)**	(10)	(160) %	**(40)**	19	(311)%
Tubular	**(47)**	(6)	(683) %	**(95)**	4	(2,475)%
Total earnings from reportable segments	**(402)**	118	(441) %	**(499)**	252	(298)%
Other Businesses	**(21)**	10	(310) %	**(20)**	18	(211)%
Segment earnings before interest and income taxes	**(423)**	128	(430) %	**(519)**	270	(292)%
Items not allocated to segments:						
Tubular asset impairment charge	**—**	—		**(263)**	—	
Restructuring and other charges	**(89)**	—		**(130)**	—	
Gain on previously held investment in UPI	**—**	—		**25**	—	
Tubular inventory impairment charge	**(24)**	—		**(24)**	—	
December 24, 2018 Clairton coke making facility fire	**4**	(13)		**4**	(44)	
Total earnings before interest and income taxes	**$ (532)**	$ 115	(563) %	**$ (907)**	$ 226	(501)%

Segment results for Flat-Rolled

	Three months ended June 30, 2020	Three months ended June 30, 2019	% Change	Six months ended June 30, 2020	Six months ended June 30, 2019	% Change
(Loss) earnings before interest and taxes ($ millions)	**$ (329)**	$ 134	(346) %	**$ (364)**	$ 229	(259) %
Gross margin	**(10)%**	11 %	(21) %	**— %**	11 %	(11) %
Raw steel production (mnt)	**1,468**	2,984	(51) %	**4,616**	6,059	(24) %
Capability utilization	**35 %**	70 %	(35) %	**54 %**	72 %	(18) %
Steel shipments (mnt)	**1,790**	2,804	(36) %	**4,299**	5,529	(22) %
Average realized steel price per ton	**$ 721**	$ 779	(7) %	**$ 715**	$ 789	(9) %

The decrease in Flat-Rolled results for the three months ended June 30, 2020 compared to the same period in 2019 was primarily due to lower average realized prices (approximately $180 million), decreased shipments, including substrate to our Tubular segment (approximately $180 million), decreased Mining Solution sales (approximately $35 million) and increased other costs primarily due to LIFO inventory adjustments, joint venture earnings and depreciation (approximately $80 million). These changes were partially offset by lower raw material costs (approximately $10 million).

The decrease in Flat-Rolled results for the six months ended June 30, 2020 compared to the same period in 2019 was primarily due to lower average realized prices (approximately $440 million), decreased shipments, including substrate to our Tubular segment (approximately $230 million), decreased Mining Solution sales (approximately $35 million) and increased other costs primarily due to joint venture earnings and depreciation (approximately $65 million). These changes were partially offset by lower raw material costs (approximately $85 million), decreased maintenance and outage costs (approximately $15 million) and lower energy costs (approximately $75 million).

Gross margin for the three and six months ended June 30, 2020 compared to the same period in 2019 decreased primarily as a result of lower sales and average realized prices.

Segment results for USSE

	Three Months Ended June 30,		%	Six Months Ended June 30,		%
	2020	**2019**	**Change**	**2020**	**2019**	**Change**
(Loss) earnings before interest and taxes ($ millions)	**$ (26)**	$ (10)	(160) %	**$ (40)**	$ 19	(311) %
Gross margin	**2 %**	4 %	(2) %	**3 %**	6 %	(3) %
Raw steel production (mnt)	**645**	1,148	(44) %	**1,527**	2,307	(34) %
Capability utilization	**52 %**	92 %	(40) %	**61 %**	93 %	(32) %
Steel shipments (mnt)	**610**	1,004	(39) %	**1,411**	2,068	(32) %
Average realized steel price per ($/ton)	**$ 632**	$ 652	(3) %	**$ 620**	$ 661	(6) %
Average realized steel price per (€/ton)	**€ 575**	€ 580	(1) %	**€ 563**	€ 585	(4) %

The decrease in USSE results for the three months ended June 30, 2020 compared to the same period in 2019 was primarily due to lower average realized prices (approximately $20 million), decreased shipments, including volume inefficiencies (approximately $30 million) and the weakening of the U. S. dollar versus the euro (approximately $5 million). These changes were partially offset by lower raw material costs (approximately $10 million), lower energy costs (approximately $10 million) lower spending and other costs (approximately $20 million).

The decrease in USSE results for the six months ended June 30, 2020 compared to the same period in 2019 was primarily due to lower average realized prices (approximately $60 million), decreased shipments, including volume inefficiencies (approximately $50 million) and the weakening of the U. S. dollar versus the euro (approximately $20 million). These changes were partially offset by lower raw material costs (approximately $10 million), lower energy costs (approximately $15 million) and lower spending and other costs (approximately $45 million).

Gross margin for the three and six months ended June 30, 2020 compared to the same period in 2019 decreased primarily as a result of lower sales and average realized prices.

Segment results for Tubular

	Three Months Ended June 30,		%	Six Months Ended June 30,		%
	2020	**2019**	**Change**	**2020**	**2019**	**Change**
(Loss) earnings before interest and taxes ($ millions)	**$ (47)**	$ (6)	(683) %	**$ (95)**	$ 4	(2,475)%
Gross margin	**(21)%**	2 %	(23) %	**(16)%**	5 %	(21)%
Steel shipments (mnt)	**132**	195	(32) %	**319**	402	(21)%
Average realized steel price per ton	**$ 1,288**	$ 1,524	(15) %	**$ 1,285**	$ 1,537	(16)%

The decrease in Tubular results for the three months ended June 30, 2020 as compared to the same period in 2019 was primarily due to lower average realized prices (approximately $25 million) and decreased shipments, including volume inefficiencies (approximately $20 million) and increased maintenance and outage costs (approximately $5 million). These changes were partially offset by lower substrate and rounds costs (approximately $5 million) and a decrease in other costs (approximately $5 million).

The decrease in Tubular results for the six months ended June 30, 2020 compared to the same period in 2019 was was primarily due to lower average realized prices (approximately $70 million), decreased shipments, including volume inefficiencies (approximately $40 million), increased maintenance and outage costs (approximately $15 million), higher energy costs (approximately $5 million) and increased other costs (approximately $5 million). These changes were partially offset by lower substrate and rounds costs (approximately $35 million).

Gross margin for the three and six months ended June 30, 2020 compared to the same period in 2019 decreased primarily as a result of lower sales and average realized prices.

Results for Other Businesses

Other Businesses had losses of $21 million and $20 million in the three and six months ended June 30, 2020, compared to earnings of $10 million and $18 million in the three and six months ended June 30, 2019.

Items not allocated to segments

We recorded **tubular asset impairment charges** of $263 million in the six months ended June 30, 2020 as described in Notes 1 and 9 to the Condensed Consolidated Financial Statements.

We recorded **restructuring and other charges** of $89 million and $130 million in the three and six months ended June 30, 2020 as described in Note 20 to the Condensed Consolidated Financial Statements.

We recorded a $25 million **gain on our previously held investment in UPI** in the six months ended June 30, 2020 as described in Note 5 to the Condensed Consolidated Financial Statements.

We recorded a **tubular inventory impairment change** of $24 million in the three and six months ended June 30, 2020.

We recorded a $4 million reduction of costs associated with the **December 24, 2018 Clairton coke making facility fire** in the three and six months ended June 30, 2020. We incurred $13 million and $44 million of costs associated with the **December 24, 2018 Clairton coke making facility fire** in the three and six months ended June 30, 2019, respectively (see Environmental Matters, Litigation and Contingencies in the Liquidity and Capital Resources section for more details).

Net interest and other financial costs

	Three Months Ended June 30,		%	Six Months Ended June 30,		%
(Dollars in millions)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Interest expense	**$ 64**	$ 31	106 %	**$ 114**	$ 65	75 %
Interest income	**(1)**	(5)	(80) %	**(5)**	(10)	(50) %
Other financial costs	**7**	5	40 %	**4**	2	100 %
Net periodic benefit cost (other than service cost)	**(8)**	23	(135) %	**(16)**	46	(135) %
Total net interest and other financial costs	**$ 62**	$ 54	15 %	**$ 97**	$ 103	(6) %

The increase in net interest and other financial costs in the three months ended June 30, 2020 as compared to the same period last year is primarily due to a higher level of debt partially offset by lower net periodic benefit cost (as discussed below).

The decrease in net interest and other financial costs in the six months ended June 30, 2020 as compared to the same period last year is primarily due to lower net periodic benefit cost (as discussed below) partially offset by a higher level of debt.

The net periodic benefit cost (other than service cost) components of pension and other benefit costs are reflected in the table above, and decreased in the three and six months ended June 30, 2020 as compared to the same periods last year primarily due to the better than expected 2019 asset performance, lower amortization of prior service costs, lower future healthcare costs, and reduced participation in our retiree health plans.

Income taxes

The **income tax (benefit) provision** was $(5) million and $(24) million in the three and six months ended June 30, 2020 compared to $(7) million and $1 million in the three and six months ended June 30, 2019. In general, the amount of tax expense or benefit from continuing operations is determined without regard to the tax effect of other categories of income or loss, such as other comprehensive income. However, an exception to this rule applies when there is a loss from continuing operations and income from other categories. Included in the tax benefit in the three and six months ended June 30, 2020 is a discrete benefit of $4 million and $14 million, respectively related to this accounting exception. Also included in the tax benefit in the six months ended June 30, 2020 is an expense of $13 million for an updated estimate to tax reserves related to an unrecognized tax benefit. Due to the full valuation allowance on our domestic deferred tax assets, the tax benefit in 2020 does not reflect any additional tax benefit for domestic pretax losses. In 2019, the tax provision reflects a benefit for percentage depletion in excess of cost depletion from iron ore that we produce and consume or sell. For further information on income taxes see Note 12 to the Condensed Consolidated Financial Statements.

Net losses attributable to United States Steel Corporation were $589 million and $980 million in the three and six months ended June 30, 2020, compared to net earnings of $68 million and $122 million in the three and six months ended June 30, 2019. The changes primarily reflect the factors discussed above.

CASH FLOW

Net cash used by operating activities was $362 million for the six months ended June 30, 2020 compared to net cash provided by operating activities of $366 million in the same period last year. The decrease in cash from operations is primarily due to lower financial results, partially offset by changes in working capital period over period.

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 June 30, 2020 and 2019 are as follows:

	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
Accounts Receivable Turnover	**2.0**	2.1	**8.3**	8.8
Inventory Turnover	**1.2**	1.5	**5.6**	6.4

The decrease in the accounts receivable turnover approximates 3 days and 2 days for the three and twelve months ended June 30, 2020 as compared to the three and twelve months ended June 30, 2019, respectively.

The decrease in the inventory turnover approximates 14 days and 8 days for the three and twelve months ended June 30, 2020 as compared to the three and twelve months ended June 30, 2019, respectively, and is primarily due to decreased shipments across all our segments.

The last-in, first-out (LIFO) inventory method is the predominant method of inventory costing in the United States. At both June 30, 2020 and June 30, 2019, the LIFO method accounted for 70 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 June 30, 2020, and December 31, 2019 the replacement cost of the inventory was higher by approximately $1,205 million and $735 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 2020.

Our cash conversion cycle for the second quarter of 2020 increased by thirteen days as compared to the fourth quarter of 2019 as shown below:

Cash Conversion Cycle	**2020**		**2019**	
	$ millions	Days	$ millions	Days
Accounts receivable, net [a]	$939	46	$1,177	42
+ Inventories [b]	$1,634	74	$1,785	64
- Accounts Payable and Other Accrued Liabilities [c]	$1,438	70	$1,970	69
= Cash Conversion Cycle [d]		50		37

[a] Calculated as Average Accounts Receivable, net divided by total Net Sales multiplied by the number of days in the period.
[b] Calculated as Average Inventory divided by total Cost of Sales multiplied by the number of days in the period.
[c] 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.
[d] 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 six months ended June 30, 2020, were $455 million, compared with $628 million in the same period in 2019. Flat-rolled capital expenditures were $310 million and included spending for Mon Valley Endless Casting and Rolling, Gary Hot Strip Mill upgrades, Mining Equipment, and various other infrastructure, environmental, and strategic projects. USSE capital expenditures of $48 million consisted of spending for improved Sinter Strand Emission control and improved Ore Bridges Emission control and various other infrastructure and environmental projects. Tubular capital expenditures were $94 million and included spending for the Fairfield Electric Arc Furnace (EAF) project and various other infrastructure and environmental projects.

To align its strategic projects with the market realities, in March 2020 the Company announced a reduction in total planned capital expenditures for 2020 by $125 million to approximately $750 million.

U. S. Steel’s contractual commitments to acquire property, plant and equipment at June 30, 2020, totaled $790 million.

Revolving credit facilities - borrowings, net of financing costs totaled $1,462 million primarily due to borrowings on the Credit Facility Agreement and UPI Amended Credit Facility.

Revolving credit facilities - repayments totaled $644 million primarily due to repayments on the Credit Facility Agreement and UPI Amended Credit Facility.

Issuance of long-term debt, net of financing costs totaled $1,048 million primarily due to issuance of the 2025 Senior Secured Notes.

Net proceeds from our **public offering of 50,000,000 shares of common stock** totaled $410 million.

Critical Accounting Estimates

Long-lived assets – U. S. Steel evaluates long-lived assets, primarily property, plant and equipment for impairment whenever changes in circumstances indicate that the carrying amounts of those productive assets exceed their recoverable amount as determined by the asset group's projected undiscounted cash flows. We evaluate the impairment of long-lived assets at the asset group level. Our primary asset groups are Flat-Rolled, welded tubular, seamless tubular and USSE.

During 2019, the challenging steel market environment in the U.S. and Europe and recent losses in the welded tubular asset group were considered triggering events for the Flat-Rolled, USSE and welded tubular asset groups. U. S. Steel completed a quantitative analysis of its long-lived assets for these asset groups and determined that the assets were not impaired. The percentage excess of estimated future cash flows over the net assets was greater than 30 percent for our welded tubular asset group. The key assumptions used to estimate the recoverable amounts for the welded tubular asset group were estimates of future commercial prices, commercial program management and efficiency improvements over the 12-year remaining useful life of the primary welded tubular assets. The percentage excess of estimated future cash flows over the net assets was greater than 75 percent for both the Flat-Rolled and USSE asset groups. In 2019, there were no triggering events for the seamless tubular asset group that required long-lived assets to be evaluated for impairment.

For the period ended March 31, 2020, the steep decline in oil prices that resulted from market oversupply and declining demand was considered a triggering event for the welded tubular and seamless tubular asset groups. A quantitative analysis was completed for both asset groups. The percentage excess of estimated future cash flows over the net assets was greater than 100% for the seamless tubular asset group but indicated an impairment and required further evaluation of the net assets in the welded tubular asset group. The liquidation method was used to determine the fair value of the welded tubular assets which resulted in an impairment of $196 million and $67 million to property, plant and equipment and intangibles, respectively. There were no triggering events for the Flat-Rolled and USSE asset groups that required long-lived assets to be evaluated for impairment as of March 31, 2020.

There were no triggering events that required an impairment evaluation of our long-lived asset groups for the three month period ended June 30, 2020.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes U. S. Steel’s liquidity as of June 30, 2020:

(Dollars in millions)		
Cash and cash equivalents	$	2,300
Amount available under $2.0 Billion Credit Facility Agreement		190
Amount available under USSK credit facilities		155
UPI Amended Credit Facility Agreement		7
Total estimated liquidity	$	2,652

As of June 30, 2020, $279 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.

On June 22, 2020, the Company issued 50 million shares of common stock, par value of $1 per share, at a price of $8.2075 per share, in an underwritten public offering. Third-party expenses related to the issuance of less than $1 million were recorded as a decrease to additional paid-in capital, resulting in net proceeds of approximately $410 million.

On May 29, 2020, U. S. Steel issued an aggregate principal amount of $1,056 million of 12.000% Senior Secured Notes due June 1, 2025 (2025 Senior Secured Notes). The notes were issued at a price equal to 94.665% of their face value. U. S. Steel received net proceeds of approximately $977 million after fees of approximately $23 million related to underwriting and third party expenses. The Company intends to use the net proceeds to strengthen its balance sheet, increase liquidity and for general corporate purposes. The notes will pay interest semi-annually in arrears on June 1 and December 1 of each year, beginning on December 1, 2020. The notes are fully and unconditionally guaranteed on a senior secured basis by all of our existing and future direct and indirect material domestic subsidiaries (other than certain subsidiaries excluded in the indenture). The notes and notes guarantees are secured by first priority-liens, subject to permitted liens, on substantially all of U. S. Steel’s domestic assets, other than certain excluded assets per the terms of the notes indenture and exclusive of the collateral required under the Credit Facility Agreement.

As of June 30, 2020, we had borrowings of $104 million under the Export Credit Agreement (ECA). Loan repayments start six months after the starting point of credit as defined in the loan agreement with a total repayment term up to eight years. Loan availability and repayment terms are subject to certain customary covenants and events of default. The purpose of the ECA is to finance equipment purchased for the endless casting and rolling facility under construction at our Mon Valley Works facility in Braddock, Pennsylvania. In response to the decline in demand for our products resulting from the COVID-19 outbreak, we have delayed construction of our endless casting and rolling line at Mon Valley Works. We have also paused our borrowing under the ECA pending an update to the agreement or resumption of construction.

During March 2020, as a precautionary measure taken to mitigate the potential economic impacts of the COVID-19 pandemic, U. S. Steel increased its borrowings under its Credit Facility Agreement. As of June 30, 2020, there was $1.4 billion drawn under the $2.0 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 $200 million. Based on the four quarters as of June 30, 2020, we would not have met this covenant. So long as we continue to not meet this covenant, the amount available to the Company is effectively reduced by $200 million. In addition, since the value of our inventory and trade accounts receivable less specified reserves calculated in accordance with the Credit Facility Agreement do not support the full amount of the facility at June 30, 2020, the amount available to the Company under this facility was further reduced by $210 million As a result, availability under this facility was $190 million as of June 30, 2020. Availability under this facility may be impacted by additional footprint decisions that are made to the extent the value of the collateral pool of inventory and accounts receivable that support our borrowing availability are reduced.

As of June 30, 2020, USSK had borrowings of €350 million (approximately $392 million) under its €460 million (approximately $515 million) 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 at June and December each year for the period covering the last twelve calendar months, with the first net debt to EBITDA measurement occurring at June 2021. USSK must maintain a net debt to EBITDA ratio of less than 6.5 as of June 30, 2021 and 3.5 for semi-annual measurements starting December 31, 2021. The Company has determined that it may not be able to comply with the net debt to EBITDA covenant as of June 30, 2021 based on recent forecast scenarios. Although we may seek to obtain a waiver for this covenant, we believe that we will have sufficient cash on hand as of June 30, 2021 to reduce net debt as calculated under the covenant to avoid a covenant violation, if necessary. If covenant compliance requirements are not amended or waived or we are not able to reduce USSK's net debt with cash on hand, it may result in an event of default, under which USSK may not draw upon the facility, and the majority lenders, as defined in the USSK Credit Agreement, may cancel any and all commitments, and/or accelerate full repayment of any or all amounts outstanding under the USSK Credit Agreement. An event of default under the USSK Credit Agreement could also result in an event of default under the Credit Facility Agreement.

At June 30, 2020, USSK had availability of €110 million (approximately $123 million) under the USSK Credit Agreement. The USSK Credit Agreement expires in September 2023.

The USSK Credit Agreement contains customary representations and warranties including, as a condition to borrowing, that it met certain financial covenants since the last measurement date, and that all such representations and warranties are true and correct, in all material respects, on the date of the borrowing, and representations as to no material adverse change in our business or financial condition since December 31, 2017. The USSK Credit Agreement also contains customary events of default, including a cross-default upon acceleration of material indebtedness of USSK and its subsidiaries.

As of June 30, 2020, USSK had no borrowings under its €20 million and €10 million credit facilities (collectively, approximately $34 million) and the availability was approximately $32 million due to approximately $2 million of customs and other guarantees outstanding. These facilities expire in December 2021.

At June 30, 2020, UPI had borrowings of $77 million under its $110 million revolving credit facility (UPI Amended Credit Facility). Borrowings are secured by liens on certain UPI inventory and trade accounts receivable. The UPI Amended Credit Facility 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. At June 30, 2020, UPI had availability of $7 million under the UPI Amended Credit Facility. The agreement was terminated on July 17, 2020 and the outstanding borrowings were repaid using cash on hand. Upon termination of the UPI Amended Credit Facility, UPI was added as a subsidiary guarantor to the Credit Facility Agreement which increased the inventory and trade accounts receivable under that facility and resulted in an increase in U. S. Steel's liquidity.

Certain of our credit facilities, including the Credit Facility Agreement, the USSK Credit Agreement and the ECA, contain standard terms and conditions including customary material adverse change clauses. If a material adverse change were to occur, our ability to fund future operating and capital requirements could be negatively impacted.

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 $209 million of liquidity sources for financial assurance purposes as of June 30, 2020. Increases in certain of these commitments which use collateral are reflected within cash, cash equivalents and restricted cash on the Condensed Consolidated Statement of Cash Flows.

At June 30, 2020, in the event of a change in control of U. S. Steel, the following may occur: (a) debt obligations totaling $5.129 billion as of June 30, 2020 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 $17 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 $7 million at June 30, 2020. 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 2020 are expected to be for capital expenditures, employee benefits and operating costs, which includes purchases of raw materials. We finished the second quarter of 2020 with $2.300 billion of cash and cash equivalents and $2.652 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.

On April 30, 2020 (the Effective Date), the Company entered into an Option Agreement (Option Agreement) with Stelco Inc. (Stelco), that grants Stelco the option to purchase a 25 percent interest (the Option Interest) in a to-be-formed entity (the Joint Venture) that will own the Company’s current iron ore mine located in Mt. Iron, Minnesota (the Minntac Mine). As consideration for the Option, Stelco will pay the Company an aggregate amount of $100 million in five $20 million installments, which began on the Effective Date and will end on December 31, 2020. In the event Stelco exercises the option, Stelco will contribute an additional $500 million to the Joint Venture, which amount shall be remitted solely to U. S. Steel in the form of a one-time special distribution, and the parties will engage in good faith negotiations to finalize the master agreement (pursuant to which Stelco will acquire the Option Interest) and the limited liability company agreement of the Joint Venture. As of June 30, 2020, Stelco has made installment payments totaling $40 million which are recorded in noncontrolling interest in the Condensed Consolidated Balance Sheet. Subject to the terms and conditions of the Option Agreement, Stelco may exercise the Option at any time during the period commencing on the Final Payment Date and expiring on January 31, 2027 unless earlier terminated.

U. S. Steel management believes that our liquidity will be adequate to fund our requirements based on our current assumptions with respect to our results of operations and financial condition, including the continued impact of the COVID-19 pandemic, particularly when taken together with the ongoing disruption in the oil and gas industry.

We expect that our estimated liquidity requirements will consist primarily of the remaining portion of our 2020 planned strategic and sustaining capital expenditures, interest expense, and operating costs and employee benefits for our operations after taking into account the footprint actions and cost reductions at our plants and headquarters described above, partially offset by the anticipated benefits of working capital management. Our available liquidity at June 30, 2020 consists principally of our cash and cash equivalents and available borrowings under the Fifth Credit Facility Agreement and the USSK Credit Facilities. Management continues to evaluate market conditions in our industry and our global liquidity position, and may consider additional actions to further strengthen our balance sheet and optimize liquidity, which may include drawing on available capacity under the Fifth Credit Facility Agreement and/or the USSK Credit Facilities, or reducing outstanding borrowings under those facilities from time to time if deemed appropriate by management.

Environmental Matters, Litigation and Contingencies

Some of U. S. Steel’s facilities were in operation before 1900. Although the Company believes that its environmental practices have either led the industry or at least been consistent with prevailing industry practices, hazardous materials have been and may continue to be 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.

EU Environmental Requirements and Slovak Operations

Under the Emissions 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. Based on projected total production levels, we started to purchase allowances in the third quarter of 2017 to meet the annual compliance submission in the future. As of June 30, 2020, we have purchased approximately 12.3 million European Union Allowances (EUA) totaling €141.1 million (approximately $154.6 million) to cover the estimated shortfall of emission allowances. We estimate that the total shortfall will be approximately 12 million allowances for the Phase III period. The exact cost of complying with the ETS regulations will depend on future production levels and future emissions intensity levels, however our estimated shortfall of emission allowances is covered by purchased European Union Allowances.

The EU’s Industrial Emissions 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 total capital expenditures for projects to comply with or go beyond BAT requirements is €138 million (approximately $151 million) over the actual program period. These costs may be mitigated if USSK complies with certain financial covenants, which are assessed annually according to EU funding rules. USSK complied with these covenants as of June 30, 2020. 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.

For further discussion of laws applicable in Slovakia and the EU and their impact on USSK, see Note 21 to the Condensed 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 CO2 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 United States Environmental Protection Agency (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, 2019.

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 May 5, 2020; and to complete the Residual Risk and Technology Review of the Taconite Iron Ore Processing Regulations by June 30, 2020.

On August 16, 2019, U.S. EPA published a proposed Residual Risk and Technology Review (RTR) rule for the Integrated Iron and Steel MACT category in the Federal Register. Based on the results of U.S. EPA's risk review, the Agency proposed that risks due to emissions of air toxics from the Integrated Iron and Steel category are acceptable and that the current regulations provided an ample margin of safety to protect public health. Under the technology review, U.S. EPA proposed that there are no developments in practices, processes or control technologies that necessitate revision of the standards. U.S. EPA accepted comments on the proposed rule until November 7, 2019. Based upon our analysis of the integrated iron and steel proposed rule, the Company does not expect any material impact if the rule is finalized as proposed. For the Taconite Iron Ore Processing category, based on the results of the Agency's risk review, U.S. EPA is proposing that risks from emissions of air toxics from this source category are acceptable and that the existing standards provide an ample margin of safety. Furthermore, under the technology review, the Agency identified no cost-effective developments in controls, practices, or processes to achieve further emissions reductions. Therefore, U.S. EPA is proposing no revisions to the existing standards based on the RTRs. U.S. EPA accepted comments on the taconite proposed rule until October 25, 2019. Based upon our analysis of the proposed taconite rule, the Company does not expect any material impact if the rule is finalized as proposed. Because the U.S. EPA has not completed its review of the Coke MACT regulations, any impacts related to the U.S. EPA's review of the coke standards cannot be estimated at this time.

On March 12, 2018, the New York State Department of Environmental Conservation (DEC), along with other petitioners, submitted a CAA Section 126(b) 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. In a final rule promulgated in the October 18, 2019, Federal Register, EPA denied the petition. On October 29, 2019, New York, New Jersey, and the City of New York petitioned the United States Court of Appeals for the District of Columbia Circuit for review of U. S. EPA's denial of the petition. The matter remains before the Court.

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 PM10 and PM2.5, lead, carbon monoxide, nitrogen dioxide, sulfur dioxide (SO2), and ozone.

In June 2010, the U.S. EPA significantly lowered the primary NAAQS for SO2 from 140 parts per billion (ppb) on a 24-hour basis to an hourly standard of 75 ppb. Subsequently, 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 SO2 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 SO2 and improved dispersion from U. S. Steel sources. On November 19, 2018, U.S. EPA published a proposed rule to approve the SIP. Pursuant to a consent decree in Center for Biological Diversity, et al., v. Wheeler, No. 4:18-cv-03544 (N.D. Cal.), EPA has agreed to take final action on the SIP submittal no later than April 30, 2020. 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 SO2 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. 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 PM2.5 from 15 micrograms per cubic meter (ug/m3) to 12 ug/m3, and retained the PM2.5 24-hour and PM10 NAAQS rules. In December 2014, the U.S. EPA designated some areas in which U. S. Steel operates as nonattainment with the 2012 annual PM2.5 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, was required to submit a SIP to the U.S. EPA no later than November 7, 2019 to avoid sanctions. On April 29, 2019, the ACHD published a draft SIP for the Allegheny County nonattainment area which demonstrates that all of Allegheny County will meet its reasonable further progress requirements and be in attainment with the 2012 PM2.5 annual and 24-hour NAAQS by December 31, 2021 with the existing controls that are in place. On September 12, 2019, the Allegheny County Board of Health unanimously approved the draft SIP. The draft SIP was then sent to the Pennsylvania Department of Environmental Protection (PADEP). PADEP submitted the SIP to U.S. EPA for approval on November 1, 2019. To date, U.S. EPA has not taken action on PADEP’s submittal. On April 14, 2020, EPA proposed to retain the 12 ug/m3 annual and 35 ug/3 24-hour PM2.5 standards without revision.

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 its statutory authority. If the draft rule or similar rule is adopted, the financial and operational impacts to U. S. Steel could be material. To assist in developing rules objectively and with adequate technical justification, the June 27, 2019, Settlement Agreement, establishes procedures that would be used when developing a new rule. For further details on the June 27, 2019 Settlement Agreement with ACHD see "Item 1. Legal Proceedings - Environmental Proceedings - Mon Valley Works."

Environmental Remediation

In the United States, U. S. Steel has been identified as a potentially responsible party (PRP) at six sites under CERCLA as of June 30, 2020. Of these, there are three sites for which information requests have been received or there are other indications that U. S. Steel may be a PRP under CERCLA, but 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 for which 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 second quarter of 2020.

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, currently estimated to be over 500 million metric tons per year. These imports, as well as the underlying policies/practices and overcapacity, impact the Company's operational and financial performance. U. S. Steel continues to address these challenges that threaten the Company, our workers, our stockholders, and our country's national and economic security.

As of the date of this filing, pursuant to a series of Presidential Proclamations issued in accordance with Section 232 of the Trade Expansion Act of 1962, U.S. imports of certain steel products are subject to a 25 percent tariff, except for imports from: (1) Argentina, Brazil, and South Korea, which are subject to restrictive quotas; (2) Canada and Mexico, which are not subject to either tariffs or quotas but tariffs could be re-imposed on surging product groups after consultations; and (3) Australia, which is not subject to tariffs, quotas, or an anti-surge mechanism. A January 24, 2020, Presidential Proclamation expanded the Section 232 tariffs to cover imports of certain downstream steel products from countries subject to the Section 232 tariffs, effective February 8, 2020.

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 160,000 exclusions have been requested for steel products. U. S. Steel opposes exclusion requests for products that are the same as, or substitute products for, those produced by U. S. Steel.

Several legal challenges and retaliatory trade measures have been initiated in response to the Section 232 action. In June 2020, the U.S. Supreme Court decided not to hear the American Institute for International Steel's (AIIS) appeal challenging the constitutionality of the Section 232 statute, ending AIIS' two-year legal challenge. On July 14, 2020, in an appeal brought by importer Transpacific Steel LLC, the U.S. Court of International Trade (CIT) ruled that the Presidential Proclamation temporarily increasing Section 232 tariffs on Turkish steel imports from 25 to 50 percent was unlawful because the increase did not adhere to the implementation timeline established in the Section 232 statute. As such, the CIT found that the President cannot modify Section 232 measures without following statutory procedural steps. There are currently 26 other Section 232 challenges still pending before the CIT. 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.

Since its implementation in March 2018, the Section 232 action has supported the U.S. steel industry's and U. S. Steel's investments in advanced steel capacity, technology, and skills, thereby strengthening U.S. national and economic security. The Company continues to actively defend the Section 232 action.

In February 2019, the European Commission (EC) imposed a definitive tariff rate quota safeguard on certain steel imports: 25 percent tariffs on certain steel imports that exceed quotas effective through June 2021. In June 2020, the EC made several minor adjustments to the safeguard.

Antidumping duties (AD) and countervailing/antisubsidy duties (CVD) apply in addition to the Section 232 tariffs and quotas and the EC's safeguard, and AD/CVD orders will last beyond the Section 232 action and EC's 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 multiple proceedings before the DOC, U.S. International Trade Commission (ITC), CIT, CAFC, the EC and European courts, and the WTO.

In May and June 2020, the EC initiated new AD/CVD investigations on EU imports of hot-rolled steel from Turkey. Provisional measures could be imposed by January 2021 and final duties could be imposed by July 2021.

In July 2020, the ITC voted to continue the AD/CVD orders on oil country tubular goods from India, Korea, Turkey, Ukraine, and Vietnam for another five years. Also in July 2020, Vallourec Star filed new AD/CVD petitions on U.S. imports of seamless standard, line, and pressure pipe from Czech Republic, Korea, Russia, and Ukraine.

Following the 2018 investigation under Section 301 of the Trade Act of 1974, the United States continues to impose 7.5 to 25 percent tariffs on certain imports from China, including certain steel products.

The Global Forum on Steel Excess Capacity, the Organization for Economic Co-operation and Development Steel Committee and trilateral negotiations between the United States, EU, and Japan continue to address global 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 Condensed Consolidated Financial Statements in Part I Item 1 of this Form 10-Q.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

U. S. Steel is exposed to certain risks related to its ongoing business operations, including financial, market, political, and economic risks. The global pandemic resulting from the novel coronavirus designated as COVID-19 has had a significant impact on our business and the global economy. The economic uncertainty has increased volatility in the financial markets and could adversely affect our liquidity and ability to access the capital markets. In response to the decline in demand for our products resulting from the COVID-19 pandemic, in March 2020 we borrowed an additional $800 million under the Fifth Amended and Restated Credit Agreement (Credit Facility Agreement). During the second quarter 2020, we repaid $100 million on the Credit Facility Agreement. As of June 30, 2020, the Company had approximately $2.0 billion in outstanding variable interest debt. An increase in the variable interest rate increases our interest expense and interest paid. A quarter percent increase in the variable interest rate on the amount of variable interest rate indebtedness as of June 30, 2020 would increase annual interest expense by approximately $5 million. See Note 15 in the Notes to the Condensed Consolidated Financial Statements for further details. In the future, we may enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility.

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 June 30, 2020. 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 June 30, 2020, 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.

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 Clean Water Act (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 National Pollutant Discharge Elimination System violations at the Midwest Plant. A public comment period for the Consent Decree ensued. 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 United States Department of Justice (DOJ) filed a revised Consent Decree and a motion with the Court to enter the Consent Decree as final on November 20, 2019. Surfrider Foundation, City of Chicago and other non-governmental organizations filed objections to the revised Consent Decree. The DOJ and U. S. Steel made filings in support of the revised 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 with the Minnesota Court of Appeals challenging the actions taken by the MPCA. Separate appeals were filed by a Minnesota Native American Tribe (Fond du Lac Band) and a nonprofit environmental group (Water Legacy). All cases were consolidated. On December 9, 2019, the court issued a favorable ruling to U. S. Steel, removing the sulfate limitations for the Tailings Basin and groundwater. The opposing parties filed appeals with the Minnesota Supreme Court on January 8, 2020 which were accepted by that Court. The Court is currently reviewing motions related to the impacts of a recent U. S. Supreme Court case upon the U. S. Steel case.

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, five related shareholder derivative lawsuits were filed in State and Federal courts in Pittsburgh, Pennsylvania and the Delaware Court of Chancery. 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. As a result, the underwriters are no longer parties to the case. The Company and the individual defendants are vigorously defending the remaining claims. On December 31, 2019, the Court granted Plaintiffs' motion to certify the proceeding as a class action. The Company's appeal of that decision has been denied by the Third Circuit Court of Appeals. Discovery is proceeding.

ENVIRONMENTAL PROCEEDINGS

The following is a summary of the proceedings of U. S. Steel that were pending or contemplated as of June 30, 2020, 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 June 30, 2020, U. S. Steel has received information requests or been identified as a PRP at a total of six CERCLA sites, three 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 three sites will be between $100,000 and $1 million for two 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 refinement of the remedial design, permitting, contractor selection 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 six months ended June 30, 2020. 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 June 30, 2020 at approximately $44 million.

Resource Conservation Recovery Act (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 RCRA Facility Investigation (RFI), a Corrective Measures Study (CMS) and Corrective Measure Implementation. Evaluations are underway at six groundwater areas on the east side of the facility 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 U.S. EPA. 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 $24 million as of June 30, 2020, based on our current estimate of known remaining costs. Significant additional costs associated with the six groundwater areas at this site are possible and are referenced in Note 21 to the Condensed Consolidated Financial Statements “Contingencies and Commitments - Environmental Matters - Remediation Projects - Projects with Ongoing Study and Scope Development.”

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. Construction, waste stabilization and placement along with closure of the CAMU are scheduled to be complete in 2020. U. S. Steel has an accrued liability of approximately $38 million as of June 30, 2020, for our estimated share of the remaining costs of remediation.

USS-POSCO Industries (UPI)

In February 2020, U. S. Steel purchased the remaining 50 percent interest in UPI, a former joint venture that is located in Pittsburg, California between subsidiaries of U. S. Steel and POSCO. Prior to formation of the joint venture, UPI's facilities were previously owned and operated solely by U. S. Steel which assumed 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 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 six months ended June 30, 2020. As of June 30, 2020, 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 21 to the Condensed Consolidated Financial Statements “Contingencies and Commitments - Environmental Matters - Remediation Projects - Projects with Ongoing Study and Scope Development.” See Note 5 to the Condensed Consolidated Financial Statements "Acquisition" for further details regarding U. S. Steel's purchase of UPI.

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 six months ended June 30, 2020. In total, the accrued liability for remaining work under the Corrective Action Program, was approximately $131,000 at June 30, 2020. Significant additional costs associated with this site are possible and are referenced in Note 21 to the Condensed 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 six months ended June 30, 2020. As of June 30, 2020, the accrued liability to maintain the interim measures, and clear properties through the Act 2 process is approximately $143,000. Significant additional costs associated with this site are possible and are referenced in Note 21 to the Condensed 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 six months ended June 30, 2020. As of June 30, 2020, costs to complete additional projects are estimated to be approximately $79,000. Significant additional costs associated with this site are possible and are referenced in Note 21 to the Condensed 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 extent of impacts at the remaining subarea, there has been no material change in the status of the project during the six months ended June 30, 2020. U. S. Steel has an accrued liability of $240,000 as of June 30, 2020. Significant additional costs associated with this site are possible and are referenced in Note 21 to the Condensed 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. An amended consent order for remediation was signed in May 2019 and a remediation contract was executed in June 2019. U. S. Steel has an accrued liability of approximately $9 million as of June 30, 2020, 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 $39,000 as of June 30, 2020.

Air Related Matters

Great Lakes Works

In June 2010, the EPA significantly lowered the primary (NAAQS) for SO_2 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_2 NAAQS.

As a result, pursuant to the CAA, the Michigan Department of Environment, Great Lakes and Energy (EGLE) 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 EGLE on multiple occasions and had offered reduction plans to EGLE but the parties could not agree to a plan. EGLE, 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 EGLE'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 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 EGLE 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. More recently, EGLE advised U. S. Steel that it was assessing a civil penalty of approximately $370,000 for these alleged violations. U. S. Steel and EGLE continue to negotiate resolution.

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. EPA and U. S. Steel reached a settlement regarding the five indurating lines at Minntac. Notice of a 30-day comment period of the settlement agreement was published in the September 11, 2019, Federal Register. The comment period expired on October 11, 2019. U. S. Steel will work with U.S. EPA to address any comments. U. S. Steel and U.S. EPA continue to negotiate resolution for Keetac.

Mon Valley Works

On November 9, 2017, U.S. EPA Region III and the Allegheny County Health Department (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 several times. ACHD, U.S. EPA Region III and U. S. Steel continue to negotiate a potential resolution of the matter.

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_2 emissions exceeded the hourly NAAQS for SO_2 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. 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 alleged 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 alleged that the violations caused 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 to which U. S. Steel has responded. On May 3, 2019, ACHD filed a motion to intervene in the lawsuit which was granted by the Court. On June 25, 2019, ACHD filed its Complaint in Intervention, seeking injunctive relief and civil penalties regarding the alleged Permit violations following the December 24, 2018 fire. The parties are currently engaged in discovery.

Following up to its May 2, 2019, notice of intent to sue U. S. Steel, on August 26, 2019 the Environmental Integrity Project, the Breathe Project and Clean Air Council, environmental, non-governmental organizations, filed a complaint in the Western District Court of Pennsylvania alleging that the Company did not report releases of reportable quantities of hydrogen sulfide, benzene, and coke oven emissions from the Clairton, Edgar Thomson and Irvin facilities as would be required under CERCLA because of the fire. An action was initiated in Federal Court in the Western District of Pennsylvania. U. S. Steel moved to dismiss that action in its entirety. That motion was granted by the District Court on May 14, 2020. The Plaintiffs have appealed that dismissal.

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. The parties are currently engaged in discovery. U. S. Steel is vigorously defending the matter.

ASBESTOS LITIGATION

As of June 30, 2020, U. S. Steel was a defendant in approximately 816 active cases involving approximately 2,400 plaintiffs. The vast majority of these cases involve multiple defendants. About 1,540, or approximately 64 percent, of these plaintiff claims are currently pending in jurisdictions which permit filings with massive numbers of plaintiffs. At December 31, 2019, U. S. Steel was a defendant in approximately 800 active cases involving approximately 2,390 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[(a)]	New Claims	Closing Number of Claims
December 31, 2017	3,340	275	250	3,315
December 31, 2018	3,315	1,285	290	2,320
December 31, 2019	2,320	195	265	2,390
June 30, 2020	2,390	130	140	2,400

(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 2019, 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 1A. Risk Factors

The outbreak of COVID-19 and disruptions in the oil and gas industry have had, and are expected to continue to have, an adverse impact on the Company's results of operations, financial condition and cash flows.

The global pandemic resulting from the novel coronavirus designated as COVID-19 has had a significant impact on economies, businesses and individuals around the world. Efforts by governments around the world to contain the virus have involved, among other things, border closings and other significant travel restrictions; mandatory stay-at-home and work-from-home orders in numerous countries, including the United States; mandatory business closures; public gathering limitations; and prolonged quarantines. These efforts and other governmental, business and individual responses to the COVID-19 pandemic have led to significant disruptions to commerce, lower consumer demand for goods and services and general uncertainty regarding the near-term and long-term impact of the COVID-19 virus on the domestic and international economy and on public health. These developments and other consequences of the outbreak have and could continue to materially adversely impact the Company's results of operations, financial condition and cash flows.

The U.S. Department of Homeland Security guidance has identified U. S. Steel's business as a critical infrastructure industry, essential to the economic prosperity, security and continuity of the United States. Similarly, in Slovakia, U. S. Steel Kosice was identified by the government as a strategic and critical company, essential to economic prosperity, and continues to operate. However, although we continue to operate, we have experienced and are likely to continue to experience, significant reductions in demand. For example, the oil and gas industry, which is one of our significant end markets, has been experiencing a significant amount of disruption and has been experiencing oversupply at a time of declining demand, resulting in a decline in profitability. Our Tubular operations support the oil and gas industry, and therefore the industry's decline has led to a significant decline in demand for our Tubular products. We also may experience disruptions to our operations resulting from changes in government policy or guidance; quarantines of employees, customers and suppliers in areas affected by the outbreak; and closures of businesses or manufacturing facilities that are critical to our business or our supply chain.

The COVID-19 pandemic could also adversely affect our liquidity and ability to access the capital markets. The Company’s credit ratings were downgraded earlier this year by three credit ratings agencies, all citing, among other things, the uncertainty in duration and impact of the COVID-19 outbreak on our business. Uncertainty regarding the duration of the COVID-19 pandemic and disruptions to the oil and gas industry may, for example, adversely impact our ability to raise additional capital, or require additional capital, or require additional reductions in capital expenditures that are otherwise needed, to support working capital or continuation of our "best of both" strategy. Additionally, government stimulus programs may not be available to the Company, its customers, or its suppliers, or may prove to be ineffective. Furthermore, in the event that the impact from the COVID-19 outbreak causes us to be unable to satisfy any of our financial covenants under the agreements governing our outstanding indebtedness, the availability of credit facilities may become limited, or we may be required to renegotiate such agreements on less favorable terms. For example, based on the most recent four quarters as of June 30, 2020, we have not met the fixed charge negative covenant test under our Credit Facility Agreement, and accordingly, the amount available to the Company under this facility was reduced by $200 million. In addition, since the value of our inventory and trade accounts receivable less specified reserves calculated in accordance with the Credit Facility Agreement do not support the full amount of the facility at June 30, 2020, the amount available to the Company under this facility was further reduced by $210 million. As of June 30, 2020, the availability under the Credit Facility Agreement was $190 million. If we are unable to access additional credit at the levels we require, or the cost of credit is greater than expected, it could materially adversely affect our operating results.

COVID-19 could negatively affect our internal controls over financial reporting as a portion of our workforce is required to work from home and therefore new processes, procedures, and controls could be required to respond to changes in our business environment.

The Company may be susceptible to increased litigation related to, among other things, the financial impacts of the pandemic on its business, its ability to meet contractual obligations due to the pandemic, employment practices or policies adopted during the health crisis, or litigation related to individuals contracting COVID-19 as result of alleged exposures on Company premises.

In addition, the COVID-19 outbreak has significantly increased economic and demand uncertainty. The current outbreak and continued spread of COVID-19 has caused a global recession, which has had a further material adverse impact on our results of operations, financial condition and cash flows. The full extent to which the COVID-19 outbreak will affect our operations, and the steel industry generally, remains highly uncertain and will ultimately depend on future developments which cannot be predicted at this time, including, but not limited to, the duration, severity, speed and scope of the outbreak, the length of time required for demand to return and normal economic and operating conditions to resume. The impact of the COVID-19 outbreak may also have the effect of exacerbating many of the other risks described in Item 1A. "Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

We may not be able to generate sufficient cash to service all of our debt, and may be forced to take other actions to satisfy our obligations under our debt, which may not be successful.

Our ability to make scheduled payments on or refinance our debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control, such as the disruption caused by the COVID-19 pandemic and the disruption in the oil and gas industry. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our debt.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our debt. We may not be able to effect any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. The Fifth Credit Facility Agreement governing the ABL Facility, the documents governing the USSK Credit Facilities, the documents governing the Export Credit Facility and the indentures governing our existing senior unsecured notes and our 2025 Senior Secured Notes restrict our ability to dispose of assets and may also restrict our ability to raise debt or equity capital to be used to repay other debt when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due.

Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our debt on commercially reasonable terms or at all, would materially and adversely affect our financial position and results of operations.

If we cannot make scheduled payments on our debt, we will be in default and holders of our notes could declare all outstanding principal and interest to be due and payable, the lenders under the ABL Facility and the USSK Credit Facilities could terminate their commitments to loan money, accelerate full repayment of any or all amounts outstanding (which may result in the cross-acceleration of certain of our other debt obligations) and the lenders could foreclose against the assets securing their borrowings and we could be forced into bankruptcy or liquidation. All of these events would materially and adversely affect our financial position and results of operations.

We may not fully realize the expected monetary benefits from our iron ore assets.

A component of our strategy includes monetizing our excess iron ore assets. Once Stelco Inc. completes the remaining payments and U. S. Steel has received the $100 million aggregate option price, Stelco will hold an option (“Option”) to acquire an undivided 25% interest in a to-be-formed entity that will own the Company’s current iron ore mine located in Mt. Iron, Minnesota. There is a possibility that Stelco may not make the remaining partial payments and may not exercise its Option in the anticipated timeframe or at all. If the proposed joint venture with Stelco is not successful, fails to provide the benefits we expect, or is not created at all, we may in the future have more iron ore than we need to support the business. Additionally, the existence of the Option may deter future potential opportunities to monetize the iron ore assets.

Item 4. MINE SAFETY DISCLOSURES

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

Item 5. OTHER INFORMATION

None.

Item 6. **EXHIBITS**

3.1	Amended and Restated By-Laws of United States Steel Corporation dated as of July 28, 2020
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	The following financial information from United States Steel Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Condensed Consolidated Statement of Operations, (ii) the Condensed Consolidated Statement of Comprehensive Income (Loss), (iii) the Condensed Consolidated Balance Sheet, (iv) the Condensed Consolidated Statement of Cash Flows, and (v) Notes to the Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File - (formatted as Inline XBRL and contained in Exhibit 101)

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/ Manpreet S. Grewal

Manpreet S. Grewal
Vice President & Controller

July 31, 2020

WEB SITE POSTING

This Form 10-Q will be posted on the U. S. Steel web site, www.ussteel.com, within a few days of its filing.

AMENDED AND RESTATED

BY-LAWS

of

UNITED STATES STEEL CORPORATION
(hereinafter called the "Corporation")
July 28, 2020

ARTICLE I.
Stockholders.

Section 1. *Time and Place of Meetings of Stockholders*. The Board of Directors shall determine the time and place, if any, of the annual meeting of stockholders in accordance with all legal requirements.

Special meetings of the stockholders may be called by the Board of Directors to be held at such time and place, if any, and for such purpose or purposes as are specified in such call.

Neither the annual meeting nor any special meeting of stockholders need be held within the State of Delaware.

Any action required to be taken at any annual or special meeting of the stockholders of the Corporation, or any action which may be taken at any annual or special meeting of the stockholders or otherwise, may not be taken without a meeting, prior notice and a vote, and stockholders may not act by written consent.

Section 2. *Notice of Meetings of Stockholders*. It shall be the duty of the Secretary to cause notice of each annual or special meeting to be provided to all stockholders of record as of the record date as fixed by the Board of Directors for the determination of stockholders entitled to vote at such meeting. Such notice shall indicate briefly the action to be taken at such meeting and shall be given to each stockholder entitled to vote thereat at least 10 days but not more than 60 days preceding the meeting. If mailed, such notice shall be mailed to the stockholders at the addresses of such stockholders as shown on the books of the Corporation.

Section 3. *Nomination of Directors*. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors. Nomination for election to the Board of Directors of the Corporation at a meeting of stockholders may be made by the Board of Directors or by any stockholder of record of the Corporation entitled to vote generally for the election of directors at such meeting who complies with the notice procedures set forth in this Section 3. Such nominations, other than those made by or on behalf of the Board of Directors, shall be made by notice in writing delivered to or mailed by first class United States mail, postage prepaid, to the Secretary, and received at the principal executive offices of the

Corporation not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting of stockholders of the Corporation; *provided, however*, that if the date of the annual meeting is advanced more than 30 days prior to or delayed by more than 30 days after the anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not later than the close of business on the 10th day following the day on which public announcement of the date of such meeting is first made. Such notice shall set forth (a) as to each proposed nominee (i) the name, age, business address and, if known, residence address of each such nominee, (ii) the principal occupation or employment of each such nominee, (iii) the number of shares of each class of the capital stock of the Corporation which are beneficially owned by each such nominee, (iv) a description of any agreement, arrangement, understanding or relationship, financial or otherwise, between (x) the nominee, and his or her respective affiliates and associates, or others acting in concert with such nominee, and (y) the stockholder or the beneficial owner, if any, on whose behalf the nomination is made and the respective affiliates and associates of, or others acting in concert with, such stockholder or such beneficial owner, and (v) any other information concerning the nominee that must be disclosed as to nominees in proxy solicitations pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including such person's written consent to be named as a nominee and to serve as a director if elected); and (b) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and such beneficial owner, (ii) the number of shares of each class of the capital stock of the Corporation which are owned beneficially or of record by such stockholder and such beneficial owner as of the date of the notice and the stockholder's agreement to notify the Corporation in writing within 5 business days after the record date for the meeting of the number of shares of each class of capital stock of the Corporation which are owned beneficially or of record by such stockholder and such beneficial owner as of the record date, and (iii) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, stock appreciation or similar rights, hedging transactions or borrowed or loaned shares) that has been entered into as of the date of the stockholder's notice by or on behalf of such stockholder or such beneficial owner or any affiliate or associate of such stockholder or beneficial owner, the intent or effect of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder or beneficial owner or affiliate or associate of such stockholder or beneficial owner, with respect to shares of stock of the Corporation and the stockholder's agreement to notify the Corporation in writing within 5 business days after the record date for the meeting of any such agreement, arrangement or understanding in effect as of the record date for the meeting. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation.

As used in these By-Laws, the terms "affiliate" and "associate" shall have the meanings given to them by Rule 12b-2 under the Securities Exchange Act of 1934, as amended and the term "beneficially owned" shall have the meaning given to it by Rule 13d-3 under the Securities Exchange Act of 1934, as amended.

The chairman of the meeting may, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

Section 4. *Notice of Business at Annual Meetings*. At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before the meeting by a stockholder of record. For business to be properly brought before an annual meeting by a stockholder, if such business relates to the election of directors of the Corporation, the procedures in Article I, Section 3 must be complied with. If such business relates to any other matter, the stockholder must have given timely notice thereof in writing to the Secretary. To be timely, a stockholder's notice must be delivered to or mailed by first class United States mail, postage prepaid, and received at the principal executive offices of the Corporation not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting of stockholders of the Corporation; *provided, however*, that if the date of the annual meeting is advanced more than 30 days prior to or delayed by more than 30 days after the anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not later than the close of business on the 10th day following the day on which public announcement of the date of such meeting is first made. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (a) a brief description of the business desired to be brought before the annual meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and, in the event that such business includes a proposal to amend the By-laws, the language of the proposed amendment), and the reasons for conducting such business at the annual meeting, (b) the name and address of the stockholder proposing such business, as they appear on the Corporation's books, and the beneficial owner, if any, on whose behalf the proposal is made, (c) the number of shares of each class of the capital stock of the Corporation which are owned beneficially or of record by such stockholder and such beneficial owner as of the date of the notice and the stockholder's agreement to notify the Corporation in writing within 5 business days after the record date for the meeting of the number of shares of each class of capital stock of the Corporation which are owned beneficially or of record by such stockholder or such beneficial owner as of the record date, (d) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, stock appreciation or similar rights, hedging transactions or borrowed or loaned shares) that has been entered into as of the date of the stockholder's notice by or on behalf of such stockholder or such beneficial owner or any affiliate or associate of such stockholder or beneficial owner, the intent or effect of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder or beneficial owner or affiliate or associate of such stockholder or beneficial owner, with respect to shares of stock of the Corporation and the stockholder's agreement to notify the Corporation in writing within 5 business days after the record date for the meeting of any such agreement, arrangement or understanding in effect as of the record date for the meeting, and under (e) any material interest of the stockholder or any affiliate or associate of such stockholder in such business.

Notwithstanding anything in the By-Laws to the contrary, no business shall be conducted at any annual meeting except in accordance with the procedures set forth in this Section 4 and in Sections 3 and 10 of this Article I and except that any stockholder proposal which complies with Rule 14a-8 of the proxy rules (or any successor provision) promulgated under the Securities Exchange Act of 1934, as amended, and is to be included in the Corporation's proxy statement for an annual meeting of stockholders shall be deemed to comply with the requirements of this Section 4.

The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 4, and if he should so determine, the chairman shall so declare to the meeting that any such business not properly brought before the meeting shall not be transacted.

Section 5. *Quorum*. At each meeting of the stockholders the holders of one-third of the voting power of the outstanding shares of stock entitled to vote generally at the meeting, present in person or represented by proxy, shall constitute a quorum, unless the representation of a larger number shall be required by law, and, in that case, the representation of the number so required shall constitute a quorum. A quorum, once established at a meeting, shall not be broken by the withdrawal of enough votes to leave less than a quorum.

Except as otherwise required by law, a majority of the voting power of the shares of stock entitled to vote generally at a meeting and present in person, by means of remote communication in a manner, if any, authorized by the Board in its sole discretion, or by proxy, whether or not constituting a quorum, may adjourn, from time to time, without notice other than by announcement at the meeting. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 6. *Organization*. The chairman of the Board, or in his or her absence or inability to act, the Chief Executive Officer, or in his or her absence or inability to act, a Director of the Board designated by the chairman of the Board, shall call meetings of the stockholders to order, and shall act as chairman of such meeting; *provided, however*, that the Board of Directors may appoint any person to act as chairman of any meeting in the absence of the chairman of the Board, the Chief Executive Officer or a designation by the chairman.

The Secretary of the Corporation shall act as secretary at all meetings of the stockholders; but in the absence of the Secretary at any meeting of the stockholders, the chairman of the Board, or Board of Directors, may appoint any person to act as secretary of the meeting.

Section 7. *Voting*. At each meeting of the stockholders, every stockholder shall be entitled to vote in person, or by proxy appointed by instrument in writing, subscribed by such stockholder or by his duly authorized attorney, or, to the extent permitted by law, appointed by an electronic transmission, and delivered to the inspectors at the meeting; and he shall have the number of votes for each share of capital stock standing registered in his name at the date fixed by the Board of Directors pursuant to Section 6 of Article IV of these By-Laws as may be determined in accordance with the Corporation's Certificate of Incorporation, or as may be provided by law. The votes for directors, and, upon demand of any stockholder, or where required by law, the votes upon any question before the meeting, shall be by ballot. At least ten days before each meeting of the stockholders, a full, true and complete list, in alphabetical order, of all of the stockholders entitled to vote at such meeting, showing the address of each stockholder, and indicating the class and number of shares held by each, shall be furnished and held open for inspection in such manner, as is required by law. Only the persons in whose names shares of stock stand on the books of the Corporation at the date fixed by the Board of Directors pursuant to Section 6 of Article IV of these By-Laws, as evidenced in the manner provided by law, shall be entitled to vote in person or by proxy on the shares so standing in their names.

When a quorum is present at any meeting, any matter to be voted upon by the stockholders at such meeting shall be decided by the vote of the holders of shares of stock having a majority in voting power of the votes cast by the holders of all of the shares of stock present or represented at the meeting and voting affirmatively or negatively on such matter, except when a different vote is required by applicable law, a regulation applicable to the Corporation, the Certificate of Incorporation or these By-laws.

Prior to any meeting, but subsequent to the date fixed by the Board of Directors pursuant to Section 6 of Article IV of these By-Laws, any proxy may submit his powers of attorney to the Secretary, or to the treasurer, for examination. The certificate of the Secretary, or of the treasurer, as to the regularity of such powers of attorney, and as to the class and number of shares held by the persons who severally and respectively executed such powers of attorney, shall be received as prima facie evidence of the class and number of shares represented by the holder of such powers of attorney for the purpose of establishing the presence of a quorum at such meeting and of organizing the same, and for all other purposes.

Section 8. *Inspectors*. At each meeting of the stockholders, the polls shall be opened and closed, the proxies and ballots shall be received and be taken in charge, and all questions touching the qualification of voters and the validity of proxies and the acceptance or rejection of votes, shall be decided by one or more inspectors. The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors of election, who may be employees of the Corporation, to act at the meeting or any adjournment thereof and to make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed or designated is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting.

Section 9. *Meetings by Remote Communications*. If authorized by the Board of Directors, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxy holders not physically present at a meeting of stockholders may, by means of remote communication, participate in the meeting and be deemed present in person and vote at the meeting, whether such meeting is to be held in a designated place or solely by means of remote communication, provided that (i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxy holder, (ii) the Corporation shall implement reasonable measures to provide such stockholders and proxy holders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including the opportunity to read or hear the proceedings in the meeting substantially concurrently with such proceedings and (iii) if the stockholder or proxy holder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

Section 10. *Proxy Access.*

a) The Corporation shall include in its proxy statement and on its form of proxy for an annual meeting of stockholders the name of, and the Additional Information (as defined below) relating to, any nominee for election or reelection to the Board of Directors who satisfies the eligibility requirements in this Section 10 (a "Stockholder Nominee") and who is identified in a notice that complies with Article I, Section 3 and Section 10(f) and that is timely delivered pursuant to Section 10(g) (the "Stockholder Notice") by a stockholder or by a group of stockholders, who:

   i. elect at the time of delivering the Stockholder Notice to have such Stockholder Nominee included in the Corporation's proxy materials,

   ii. as of the date of the Stockholder Notice, own (as defined below in Section 10(c)) a number of shares that represents at least 3% of the outstanding shares of the Corporation entitled to vote in the election of directors (the "Required Shares") and have owned (as defined below in Section 10(c)) the Required Shares (as adjusted for any stock splits, stock dividends, or similar events) continuously for at least three years, and

   iii. satisfy the additional requirements in these By-Laws (such stockholder or stockholders collectively, an "Eligible Stockholder").

b) For purposes of satisfying the ownership requirement under Section 10(a):

   i. the outstanding shares of the Corporation owned by one or more stockholders may be aggregated, and

   ii. a group of funds under common management and investment control shall be treated as one stockholder.

c) For purposes of this Section 10, an Eligible Stockholder "owns" only those outstanding shares of the Corporation as to which the stockholder possesses both;

i. the full voting and investment rights pertaining to the shares, and

ii. the full economic interest in (including the opportunity for profit and risk of loss on) such shares;

iii. provided that the number of shares calculated in accordance with clauses (i) and (ii) shall not include any shares:

A. sold by such stockholder in any transaction that has not been settled or closed,

B. borrowed by such stockholder for any purpose or purchased by such stockholder pursuant to an agreement to resell, or

C. subject to any option, warrant, forward contract, swap, contract of sale, other derivative or similar agreement entered into by such stockholder, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of outstanding shares of the Corporation, in any such case which instrument or agreement has, or is intended to have, the purpose or effect of:

1) reducing in any manner, to any extent or at any time in the future, such stockholder's full right to vote or direct the voting of any such shares, and/or

2) hedging, offsetting, or altering to any degree gain or loss arising from the full economic ownership of such shares by such stockholder.

A stockholder "owns" shares held in the name of a nominee or other intermediary so long as the stockholder retains the right to instruct how the shares are voted with respect to the election of directors and possesses the full economic interest in the shares. A stockholder's ownership of shares shall be deemed to continue during any period in which the stockholder has delegated any voting power by means of a proxy, power of attorney, or other instrument or arrangement that is revocable at any time by the stockholder. A stockholder's ownership of shares shall be deemed to continue during any period in which the stockholder has loaned such shares provided that the stockholder has the power to recall such loaned shares on three business days' notice and has recalled such loaned shares as of the date of the Stockholder Notice and through the date of the annual meeting. The terms "owned," "owning" and other variations of the word "own" shall have correlative meanings. Whether outstanding shares of the Corporation are "owned" for these purposes shall be determined by the Board of Directors.

d) No stockholder may be a member of more than one group of stockholders constituting an Eligible Stockholder under this Section 10.

e) For purposes of this Section 10, the "Required Information" that the Corporation will include in its proxy statement is:

i. the information concerning the Stockholder Nominee and the Eligible Stockholder that is required to be disclosed in the Corporation's proxy statement by the applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder; and

ii. if the Eligible Stockholder so elects, a written statement of the Eligible Stockholder, not to exceed 500 words, in support of its Stockholder Nominee, which must be provided at the same time as the Stockholder Notice for inclusion in the Corporation's proxy statement for the annual meeting (the "Statement").

Notwithstanding anything to the contrary contained in this Section 10, the Corporation may omit from its proxy materials any information or Statement that it, in good faith, believes would violate any applicable law or regulation. Nothing in this Section 10 shall limit the Corporation's ability to solicit against and include in its proxy materials its own statements relating to any Eligible Stockholder or Stockholder Nominee.

f) Within the time period specified in this Section 10 for delivering the Stockholder Notice, an Eligible Stockholder must deliver to the Secretary of the Corporation:

i. the information required under Article I, Section 3 of these By-Laws;

ii. the written consent of each Stockholder Nominee to being named in the Corporation's proxy statement as a nominee;

iii. a copy of the Schedule 14N that has been or concurrently is filed with the Securities and Exchange Commission under Rule 14a-18 under the Securities Exchange Act of 1934, as amended;

iv. a written agreement of the Eligible Stockholder (or in the case of a group, each stockholder whose shares are aggregated for purposes of constituting an Eligible Stockholder) addressed to the Corporation, containing:

A. a certification of the number of shares of the Corporation it owns and has owned (as defined in Section 10(c)) continuously for at least three years as of the date of the Stockholder Notice and an agreement to continue to own such shares through the date of the annual meeting of stockholders;

B. the Eligible Stockholder's agreement to provide written statements from the record holder and intermediaries as required under Section 10(h) verifying the Eligible Stockholder's continuous ownership of the Required Shares through and as of the business day immediately preceding the date of the annual meeting of stockholders;

C. The Eligible Stockholder's agreement to provide immediate notice to the Secretary of the Corporation if the Eligible Stockholder ceases to own any of the Required Shares prior to the date of the annual meeting of stockholders,

D. a statement of the Eligible Stockholder's intention to appear in person or by proxy at the annual meeting of stockholder to present the nomination;

E. a representation and agreement that the Eligible Stockholder (including each member of any group of stockholders that together is an Eligible Stockholder under this Section 10);

1) acquired the Required Shares in the ordinary course of business and not with the intent to change or influence control at the Corporation, and does not presently have such intent,

2) has not nominated and will not nominate for election to the Board of Directors at the annual meeting of stockholders any person other than the Stockholder Nominee(s) being nominated pursuant to this Section 10,

3) has not engaged and will not engage in a, and has not been and will not be a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1(l) under the Securities Exchange Act of 1934, as amended, in support of the election of any individual as a director at the annual meeting of stockholders other than its Stockholder Nominee or a nominee of the Board of Directors, and

4) will not distribute to any stockholder any form of proxy for the annual meeting of stockholders other than the form distributed by the Corporation; and

F. the Eligible Stockholder's agreement to;

1) assume all liability stemming from any legal or regulatory violation arising out of the Eligible Stockholder's communications with the stockholders of the Corporation or out of the information that the Eligible Stockholder provided to the Corporation,

2) indemnify and hold harmless the Corporation and each of its directors, officers and employees individually against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Corporation or any of its directors, officers or employees arising out of any nomination submitted by the Eligible Stockholder pursuant to this Section 10,

3) comply with all other laws and regulations applicable to any solicitation in connection with the annual meeting,

4) file all materials described below in Section 10(h)(ii) with the Securities and Exchange Commission, regardless of whether any such filing is required under Regulation 14A under the Securities Exchange Act of 1934, as amended, or whether any exemption from filing is available for such materials under Regulation 14A, and

5) provide to the Corporation prior to the annual meeting of stockholders such additional information as necessary or reasonably requested by the Corporation; and

v. a written agreement of the Stockholder Nominee addressed to the Corporation that the Stockholder Nominee;

A. is not and will not become a party to any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question that has not been disclosed to the Corporation,

B. is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed to the Corporation, and

C. will comply with all of the Corporation’s corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines, and any other Corporation policies and guidelines applicable to directors, as well as any applicable law, rule or regulation or listing requirement; and

vi. in the case of a nomination by a group of stockholders that together is an Eligible Stockholder, the designation by all group members of one group member that is authorized to act on behalf of all such members with respect to the nomination and matters related thereto, including any withdrawal of the nomination.

g) To be timely under this Section 10, the Stockholder Notice must be received by the Secretary of the Corporation not later than the close of business on the 120th day nor earlier than the close of business on the 150th day prior to the first anniversary of the date the definitive proxy statement was first released to stockholders in connection with the preceding year’s annual meeting of stockholders; provided, however, that if the date of the annual meeting is advanced more than 30 days prior to or delayed by more than 60 days after the anniversary of the preceding year’s annual meeting, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 120th day and not later than the close of business on the later of the 90th day prior to the annual meeting or the 10th day following the day on which public announcement of the date of the annual is first made by the Corporation. In no event shall any adjournment or postponement of an annual meeting, or the announcement thereof, commence a new time period for the giving of the Stockholder Notice as described above.

h) An Eligible Stockholder (or in the case of a group, each stockholder whose shares are aggregated for purposes of constituting an Eligible Stockholder) must:

i. within five business days after the date of the Stockholder Notice, provide one or more written statements from the record holder(s) of the Required Shares and from each intermediary through which the Required Shares are or have been held, in each case during the requisite three-year holding period, verifying that the Eligible Stockholder owns, and has owned continuously for the preceding three years, the Required Shares,

ii. file with the Securities and Exchange Commission any solicitation or other communication with any stockholder of the Corporation (other than a stockholder with whom such stockholder has formed a group constituting an Eligible Stockholder) relating to the annual meeting, regardless of whether any such filing is required under Regulation 14A under the Securities Exchange Act of 1934, as amended, or whether any exemption from filing is available for such solicitation or other communication under Regulation 14A, and

i) At the request of the Corporation, the Stockholder Nominee must promptly, but in any event within five business days of such request, submit any completed and signed questionnaires required of the Corporation's directors and provide to the Corporation such other information as it may reasonably request. The Corporation may request such additional information as necessary to permit the Board of Directors to determine if each Stockholder Nominee is independent under the listing standards of the principal U.S. exchange upon which the shares of the Corporation are listed, any applicable rules of the Securities and Exchange Commission and any publicly disclosed standards used by the Board of Directors in determining and disclosing the independence of the Corporation's directors.

j) Notwithstanding anything to the contrary contained in this Section 10, the Corporation may omit from its proxy statement any Stockholder Nominee, and such nomination shall be disregarded and no vote on such Stockholder Nominee will occur, notwithstanding that proxies in respect of such vote may have been received by the Corporation, if:

i. the Secretary of the Corporation receives notice that a stockholder intends to nominate a person for election to the Board of Directors which stockholder does not expressly elect to have its nominee(s) included in the Corporation's proxy materials pursuant to this Section 10,

ii. the Eligible Stockholder materially breaches any of its agreements, representations, or warranties set forth in the Stockholder Notice, or if any of the information in the Stockholder Notice was not, when provided, true and correct,

iii. the Eligible Stockholder (or qualified representative thereof) does not appear at the annual meeting to nominate such Stockholder Nominee pursuant to this Section 10, or

iv. the Stockholder Nominee (A) is not independent under the listing standards of the principal U.S. exchange upon which the shares of the Corporation are listed, any applicable rules of the Securities and Exchange Commission, and any publicly disclosed standards used by the Board of Directors in determining and disclosing the independence of the Corporation's directors, (B) does not qualify as independent under the audit committee independence requirements set forth in the rules of the principal U.S. exchange on which shares of the Corporation are listed, as a "non-employee director" under Rule 16b-3 under the Securities Exchange Act of 1934, as amended, or as an "outside director" for the purposes of Section 162(m) of the Internal Revenue Code (or any successor provision), (C) is or has been, within the past three years, an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914, as amended, (D) is subject to any order of the type specified in Rule 506(d) of Regulation D under the Securities Act of 1933, as amended, or (E) is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses) or has been convicted in a criminal proceeding within the past ten years.

k) The number of Stockholder Nominees appearing in the Corporation's proxy materials with respect to an annual meeting of stockholders (including any Stockholder Nominee whose name was submitted for inclusion in the Corporation's proxy materials but who is nominated by the Board of Directors as a nominee), together with any nominees who were previously elected to the Board of Directors as Stockholder Nominees at either of the preceding two annual meetings and who are re-nominated for election at such annual meeting by the Board of Directors, and any Stockholder Nominee who was qualified for inclusion in the Corporation's proxy materials but whose nomination is subsequently withdrawn, shall not exceed 20% of the number of directors in office as of the last day on which a Stockholder Notice may be delivered pursuant to this Section 10 with respect to the annual meeting, or if such amount is not a whole number, the closest whole number below 20%. In the event that the number of Stockholder Nominees submitted by Eligible Stockholders pursuant to this Section 10 exceeds this maximum number, each Eligible Stockholder will select one Stockholder Nominee for inclusion in the Corporation's proxy materials until the maximum number is reached, going in order of the number (largest to smallest) of shares of the Corporation each Eligible Stockholder disclosed as owned in its Stockholder Notice submitted to the Corporation. If the maximum number is not reached after each Eligible Stockholder has selected one Stockholder Nominee, this selection process will continue as many times as necessary, following the same order each time, until the maximum number is reached.

Any Stockholder Nominee who is included in the Corporation's proxy materials for a particular annual meeting of stockholders but either (i) withdraws from or becomes ineligible or unavailable for election at the annual meeting, or (ii) does not receive "for" votes representing at least 25% of the votes cast regarding the Stockholder Nominee's election, will be ineligible to be a Stockholder Nominee pursuant to this Section 10 for the next two annual meetings.

ARTICLE II.
Board of Directors.

Section 1. *Number and Terms of Office*. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

The number of directors shall be fixed from time to time by resolution of the Board of Directors, but the number thereof shall not be less than three.

Except as otherwise provided in these By-Laws, each director to be elected by the stockholders shall be elected by the vote of the majority of the votes cast with respect to that director's election at any meeting of stockholders for the election of directors at which a quorum is present; provided, however, that if, as of the tenth day preceding the date that the Corporation first mails its notice for such meeting to the stockholders, the Secretary of the Corporation determines that the number of nominees may exceed the number of directors to be elected at the meeting (a "Contested Election"), the directors shall be elected by the vote of a plurality of the votes cast. For purposes of this Section 1, a "majority of votes cast" shall mean that the number of votes cast “for” a given director’s election exceeds the number of votes cast “against” that director’s election (with “abstentions” and “broker nonvotes” not counted as votes cast either “for” or “against” the director’s election). In a Contested Election, votes cannot be cast “against” a nominee, but may be cast “for” a nominee or “withheld”.

For any incumbent director to become a nominee for election by the stockholders as a director, such director must tender an irrevocable offer to resign from the Board of Directors, contingent upon acceptance of such offer of resignation by the Board of Directors, if such director fails to receive a majority of the votes cast in an election that is not a Contested Election. If an incumbent director fails to receive a majority of the votes cast in an election that is not a Contested Election, the Corporate Governance & Sustainability Committee, or such other independent committee designated by the Board of Directors pursuant to these By-Laws, shall make a recommendation to the Board of Directors as to whether to accept or reject the offer of resignation of such incumbent director, or to take other action. The Board of Directors shall act on the offer of resignation, taking into account the committee’s recommendation, within 90 days following certification of the election results. The committee in making its recommendation and the Board of Directors in making its decision each may consider such factors and other information as it may consider appropriate and relevant in the circumstances.

If the Board of Directors accepts a director’s offer of resignation pursuant to this Section 1, then the Board of Directors may fill the resulting vacancy pursuant to Section 2 of this Article II, or decrease the size of the Board of Directors pursuant to this Section 1. If the Board of Directors rejects the incumbent director’s offer of resignation, such director shall continue to serve until his or her successor is duly elected and qualified.

In the case of any increase in the number of directors of the Corporation, the additional director or directors shall be elected only by the Board of Directors.

Section 2. *Vacancies*. Except as otherwise provided by law, in the case of any vacancy in the Board of Directors through death, resignation, disqualification or other cause, a successor to hold office for the unexpired portion of the term of the director whose place shall be vacant, and until the election of his successor, shall be elected only by a majority of the Board of Directors then in office, even if less than a quorum.

Section 3. *Place of Meetings, etc*. The Board of Directors may hold its meetings, and may have an office and keep the books of the Corporation (except as otherwise may be provided for by law) in such place or places in the State of Delaware or outside of the State of Delaware, as the Board from time to time may determine. Members of the Board of the Directors, or any committee of the Board of Directors, may participate in a remote meeting of the Board of Directors or a committee thereof by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to conference telephone or other communications equipment shall constitute presence in person at the meeting.

Section 4. *Regular Meetings*. Regular meetings of the Board of Directors shall be held at such times as may be fixed by resolution of the Board of Directors. The Secretary shall give notice, as provided for special meetings, for each regular meeting.

Section 5. *Special Meetings*. Special meetings of the Board of Directors shall be held whenever called by direction of the chairman or an Officer-Director of the Board, or a majority of the directors then in office.

The Secretary shall give notice of each special meeting by mailing the same at least four days before the meeting, or by facsimile, telephone, or electronic transmission of the same at least one day before the meeting, to each director; but such notice may be waived by any director. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting. At any meeting at which every director shall be present, even though without any notice, any business may be transacted.

Section 6. *Quorum*. A majority of the total number of directors shall constitute a quorum for the transaction of business; but if at any meeting of the Board there be less than a quorum present, a majority of those present may adjourn the meeting from time to time.

At any meeting of the Board of Directors all matters shall be decided by the affirmative vote of a majority of directors then present, *provided*, that the affirmative vote of at least one-third of all the directors then in office shall be necessary for the passage of any resolution.

Section 7. *Order of Business*. At meetings of the Board of Directors business shall be transacted in such order as, from time to time, the Board may determine by resolution.

At all meetings of the Board of Directors, the chairman of the Board or in his absence the Chief Executive Officer, or a director designated by the chairman of the Board, in the order named, shall preside.

Section 8. *Action by Unanimous Consent of Directors*. Unless otherwise restricted by the Certificate of Incorporation or these By-laws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or such committee, as the case may be, consent thereto in writing or by electronic transmission and the writing or writings or electronic transmissions are filed with the minutes of proceedings of the Board of Directors or committee in accordance with applicable law.

Section 9. *Compensation of Directors*. Each director of the Corporation who is not a salaried officer or employee of the Corporation, or of a subsidiary of the Corporation, shall receive such allowances for serving as a director and such fees for attendance at meetings of the Board of Directors or any committee appointed by the Board as the Board may from time to time determine.

Section 10. *Election of Chairman and Officers.* At the first regular meeting of the Board of Directors in each year (at which a quorum shall be present) held next after the annual meeting, the Board of Directors shall proceed to the election of the chairman of the Board of Directors from among its members and the executive officers of the Corporation to be elected by the Board of Directors under the provisions of Article III of these By-Laws.

Section 11. *Committees.* The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member.

ARTICLE III.
Officers.

Section 1. *Generally*. The officers of the Corporation shall consist of a Chief Executive Officer, a President, a Chief Financial Officer, a Treasurer, one or more Vice Presidents, a Secretary, and any other officers, as may from time to time be appointed by the Board of Directors. The Board of Directors may elect a Controller and one or more of the following: Executive Vice President, Senior Vice President, Assistant Secretary, Assistant Treasurer, and Assistant Controller. All executive officers shall be elected by the Board of Directors pursuant to Article II Section 10; provided, however, that the Chief Executive Officer is empowered to appoint officers other than the President, and any Executive Vice President or Senior Vice President, Treasurer or Secretary. Each officer shall hold office until the officer's successor is elected and qualified or until the officer's earlier resignation or removal. Any number of offices may be held by the same person. Any officer may resign at any time upon written notice to the Corporation. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise may be filled by the Board of Directors.

Section 2 *Chief Executive Officer*. The Chief Executive Officer, subject to the overall direction and supervision of the Board of Directors and committees thereof, shall be in general charge of the affairs of the Corporation and its officers, and shall consult and advise with the Board of Directors and committees thereof on the business and the affairs of the Corporation. The Chief Executive Officer shall have the power to make and execute contracts and other instruments, including powers of attorney, on behalf of the Corporation and to delegate such power to others. The Chief Executive Officer shall perform all duties incident to the office of the Chief Executive Officer, and any other duties as may be from time to time assigned to the Chief Executive Officer by the Board of Directors, in each case subject to the control of the Board of Directors.

Section 3 *President*. The President shall report and be responsible to the Chief Executive Officer. The President shall have such powers and perform such duties as from time to time may be assigned or delegated to the President by the Board of Directors or the Chief Executive Officer or that are incident to the office of President. The President shall also have the power to make and execute contracts on the Corporation's behalf and to delegate such power to others.

Section 4 *Chief Financial Officer*. The Chief Financial Officer shall be the principal financial officer of the Corporation and shall have such powers and perform such duties as may be assigned by the Board of Directors or the Chief Executive Officer. The Chief Financial Officer shall also have the power to make and execute contracts on the Corporation's behalf and to delegate such power to others.

Section 5 *Vice Presidents*. Each Executive Vice President, Senior Vice President and Vice President shall have such powers and perform such duties as may be assigned to the officer by the Board of Directors or by the Chief Executive Officer. Each Executive Vice President, Senior Vice President and Vice President shall have all the powers and duties as are commonly incident to the office of Vice President, or that are delegated to him or her by the Board of Directors, the Chief Executive Officer or his or her superior officer. A Vice President may be designated by the Board of Directors to perform the duties and exercise the powers of the President in the event of the President's absence or disability. Each Executive Vice President, Senior Vice President and Vice President shall also have the power to make and execute contracts on the Corporation's behalf and to delegate such power to others.

Section 6 *Treasurer*. The Treasurer shall have custody of all moneys and securities of the Corporation, except as otherwise provided by the Board of Directors. The Treasurer shall make all disbursements of the funds of the Corporation as are authorized and shall render from time to time an account of all transactions. The Treasurer shall also perform any other duties and have any other powers as are commonly incident to the office of Treasurer, or as the Board of Directors or the Chief Executive Officer may from time to time prescribe. The Treasurer shall also have the power to make and execute contracts on the Corporation's behalf and to delegate such power to others.

Section 7 *Assistant Treasurer*. The Assistant Treasurer, if there is one or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors (or if there shall have been no determination, then in the order of their election) shall, in the absence of the Treasurer or in the event of the Treasurer's inability or refusal to act, perform the duties and exercise the powers of the Treasurer.

Section 8 *Secretary*. The powers and duties of the Secretary are: (i) to act as Secretary at all meetings of the Board of Directors, of the committees of the Board of Directors and of the stockholders, and to record the proceedings of those meetings in a book or books to be kept for that purpose; (ii) to see that all notices required to be given by the Corporation are duly given and served; (iii) to act as custodian of the seal of the Corporation and affix the seal or cause it to be affixed to all certificates of stock of the Corporation and to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these By-Laws; (iv) to have charge of the books, records and papers of the

Corporation and see that the reports, statements and other documents required by law to be kept and filed are properly kept and filed; and (v) to have any other powers and perform all of the duties as are commonly incident to the office of Secretary, or as the Board of Directors or the Chief Executive Officer may from time to time prescribe. The Secretary shall have the responsibility for authenticating records of the Corporation, and shall also have the power to make and execute contracts on the Corporation's behalf and to delegate such power to others.

Section 9 *Assistant Secretary*. The Assistant Secretary, if there is one, or if there shall be more than one, the Assistant Secretaries in the order determined by the Board of Directors (or if there shall have been no determination, then in the order of their election) shall, in the absence of the Secretary or in the event of the Secretary's inability or refusal to act, perform the duties and exercise the powers of the Secretary.

Section 10 *Controller*. The Board of Directors may select a Controller who shall keep or cause to be kept in the books of the Corporation provided for that purpose a true account of all transactions and of the assets and liabilities of the Corporation. The Controller shall prepare and submit to the Chief Financial Officer or, in the absence of the Chief Financial Officer, to the Chief Executive Officer, such financial statements and schedules as may be required to keep the Chief Financial Officer and the Chief Executive Officer currently informed of the operations and financial condition of the Corporation, and perform such other duties as may be assigned by the Chief Financial Officer or the Chief Executive Officer. In the absence of the Controller, an Assistant Controller is authorized to assume the duties herein imposed upon the Controller.

Section 11 *Other Officers.* Such other officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

Section 12 *Delegation of Authority.* The Board of Directors may from time to time delegate the powers or duties of any officer to any other officer, or to any director or agent.

Section 13 *Removal*. Any officer of the Corporation shall serve at the pleasure of the Board of Directors (or, in the case of an officer appointed by the Chief Executive Officer, at the pleasure of the Chief Executive Officer) and shall hold office until the officer's successor is chosen and qualified or until the officer's earlier death, resignation or removal. Any officer may be removed at any time, with or without cause, by the Board of Directors (or, in the case of an officer appointed by the Chief Executive Officer, by the Chief Executive Officer). The removal shall be without prejudice to the contractual rights of the officer, if any, with the Corporation.

Section 14 *Compensation.* The compensation of officers of the Corporation shall be fixed by the Board of Directors or by any officer(s) authorized by the Board of Directors to prescribe compensation for other officers.

Section 15. *Voting Upon Interests in Other Business Entities*. Unless otherwise ordered by the Board of Directors, any Officer or any person or persons appointed in writing by any of them, shall have full power and authority on behalf of the Corporation to attend and to act and to vote at any meetings of stockholders of any corporation in which the Corporation may hold stock, or at meetings of partnerships in which the Corporation may hold partnership interests, or at any other meetings of holders of interests in business entities in which the Corporation may hold interests, including limited liability companies, and at any such meeting shall possess and may exercise any and all rights and powers incident to the ownership of such stock, partnership interest or other interest, and which, as the owner thereof, the Corporation might have possessed and exercised if present. The Board of Directors, by resolution, from time to time, may confer like powers upon any other person or persons.

ARTICLE IV.
Capital Stock - Seal.

Section 1. *Certificates of Shares*. The shares of each class of the capital stock of the Corporation may be certificated or uncertificated. If the shares are certificated, the certificates shall be in such form, not inconsistent with the Certificate of Incorporation, as shall be prepared or be approved by the Board of Directors. No certificate shall be valid unless it is signed by two principal officers of the Corporation, or one principal officer and an assistant secretary or an assistant treasurer of the Corporation. Any or all of the signatures on a certificate, including those of any officer, transfer agent or registrar of the Corporation, may be facsimiles. In case any officer, transfer agent or registrar of the Corporation who has signed, or whose facsimile signature has been placed upon, any such certificate shall have ceased to be such officer, transfer agent or registrar of the Corporation before such certificate is issued, such certificate may be issued by the Corporation with the same effect as though the person or persons were such officer, transfer agent or registrar of the Corporation at the date of issue.

All certificates for each class of capital stock of the Corporation shall be consecutively numbered. The name of the person owning the shares represented thereby, with the class and number of such shares and the date of issue, shall be entered on the Corporation’s books.

All certificates surrendered to the Corporation shall be cancelled, and no new certificate shall be issued until the former certificate for the same class and number of shares of the same class shall have been surrendered and cancelled, except in accordance with Section 3 of Article IV of these By-Laws, such other procedures as may be established by the Board of Directors or where required by law.

Section 2. *Transfer of Shares*. Shares in the capital stock of the Corporation shall be transferred only on the books of the Corporation by the registered holder thereof in person or by a duly authorized attorney or legal representative, upon presentation of proper evidence of succession, assignment or authority to transfer the shares and, in the case of shares represented by certificates, upon surrender and cancellation of the certificates representing such shares.

Section 3. *Lost or Destroyed Certificates*. The Corporation may issue a new certificate of stock or uncertificated shares in place of any stock certificate that has been lost, stolen or destroyed; and may, in its discretion, require the owner of such certificate or his legal representative to give bond, with sufficient surety, to indemnify the Corporation and each transfer agent and registrar against any and all losses or claims which may arise by reason of the issuance of a new certificate or uncertificated shares in place of the certificate so lost, stolen or destroyed.

Section 4. *Regulations*. The Board of Directors shall have power and authority to make all such rules and regulations as respectively they may deem expedient, concerning the issue, transfer and registration of certificates for shares of the capital stock of the Corporation.

Section 5. *Transfer Agents and Registrars*. The Board of Directors may appoint one or more transfer agents or assistant transfer agents and one or more registrars of transfers, and may require all stock certificates to bear the signature of a transfer agent or assistant transfer agent and a registrar of transfers. The Board of Directors may at any time terminate the appointment of any transfer agent or any assistant transfer agent or any registrar of transfers.

Section 6. *Fixing Date for Determination of Stockholders' Rights*. The Board of Directors is authorized from time to time to fix in advance a date, not exceeding 60 days preceding the date of any meeting of stockholders, or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, as a record date for the determination of the stockholders entitled to notice of, and to vote at, any such meeting and any adjournment thereof, or entitled to receive payment of any such dividend, or to any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of capital stock, and in such case such stockholders and only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting and any adjournment thereof, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any stock on the books of the Corporation after any such record date fixed as aforesaid.

Section 7. *Dividends*. The Board of Directors may from time to time declare such dividends as they shall deem advisable and proper, subject to such restrictions as may be imposed by law and the Corporation's Certificate of Incorporation.

Section 8. *Facsimile Signatures*. In addition to the provisions for the use of facsimile signatures elsewhere specifically authorized in these By-Laws, facsimile signatures of any officer or officers of this Corporation may be used.

Section 9. *Corporate Seal*. The Board of Directors shall provide a suitable seal, containing the name of the Corporation, which seal shall be in charge of the Secretary. Unless otherwise directed by the Board of Directors, duplicates of the seal may be kept and be used by the treasurer or by any assistant secretary or assistant treasurer.

ARTICLE V.
Indemnification.

Section 1. *Right to Indemnification*. The Corporation shall indemnify and hold harmless to the fullest extent permitted by law any person who was or is made or is threatened to be made a party or is involved in any action, suit, or proceeding whether civil, criminal, administrative or investigative ("proceeding") by reason of the fact that he, or a person for whom he is the legal representative, is or was a director, officer or employee of the Corporation or is or was serving at the request of the Corporation as a director, officer or employee of another corporation or of a partnership, joint venture, trust, enterprise or non-profit entity, including service with respect to employee benefit plans, against all expenses, liability, and loss reasonably incurred or suffered by such person. The Corporation shall indemnify any person seeking indemnity in connection with a proceeding initiated by such person only if the proceeding was authorized by the Board of Directors of the Corporation.

Section 2. *Prepayment of Expenses.* The Corporation shall pay the expenses reasonably incurred in defending any such proceeding in advance of its final disposition; *provided, however,* the payment of expenses incurred by a director, officer or employee in his capacity as a director, officer or employee (except with regard to service to an employee benefit plan or non-profit entity) in advance of the final disposition of the proceeding shall be made only upon the agreement by the director, officer or employee to repay all amounts advanced if it should be determined that the director, officer or employee is not entitled to be indemnified under this Article V or otherwise, and *provided, further*, that the Corporation shall have no obligation to pay any expenses in advance pursuant to this Section 2 to any person who is or was an employee of the Corporation (other than a director or an officer) or is or was serving at the request of the Corporation as an employee of another corporation or of a partnership, joint venture, trust, enterprise or non-profit entity, with respect to any proceeding by or in the right of the Corporation to procure a judgment in its favor.

Section 3. *Claims*. If a claim under this Article V is not paid in full within ninety days after a written claim has been received by the Corporation, the claimant may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid in addition the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the claimant was not eligible for indemnification under applicable law.

Section 4. *Non-Exclusivity of Rights*. The rights conferred on any person by this Article V shall not be exclusive of any other right which such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, By-Law, agreement, vote of stockholders or disinterested directors or otherwise.

Section 5. *Effect of Amendment or Repeal.* The foregoing provisions of this Article V shall be deemed to be a contract between the Corporation and any person described in Section 1 above. Any repeal or modification of this Article V shall not affect any rights or obligations then existing with respect to any acts or omissions occurring prior to such amendment or repeal, regardless of whether any action, suit or proceeding based in whole or in part on any such acts or omissions is commenced before or after any such repeal or modification.

ARTICLE VI.
Amendments.

The Board of Directors shall have the power to adopt, amend and repeal the By-Laws at any regular or special meeting of the Board, *provided* that notice of intention to adopt, amend or repeal the By-laws in whole or in part shall have been included in the notice of meeting; or, without any such notice, by a vote of two-thirds of the directors then in office.

Stockholders may adopt, amend and repeal the By-Laws at any regular or special meeting of the stockholders by an affirmative vote of holders of outstanding shares of the capital stock of the Corporation having two-thirds of the votes entitled to be cast thereon, *provided* that notice of intention to adopt, amend or repeal the By-Laws in whole or in part shall have been included in the notice of the meeting.

Exhibit 31.1

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 the 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.

July 31, 2020

/s/ David B. Burritt

David B. Burritt
President and Chief Executive Officer

Exhibit 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Christine S. Breves, 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 the 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.

July 31, 2020

/s/ Christine S. Breves

Christine S. Breves
Senior Vice President and Chief Financial Officer

Exhibit 32.1

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 June 30, 2020, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the foregoing report fairly presents, in all material respects, the financial condition and results of operations of United States Steel Corporation.

/s/ David B. Burritt
David B. Burritt
President and Chief Executive Officer

July 31, 2020

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

Exhibit 32.2

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

I, Christine S. Breves, Senior 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 June 30, 2020, 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/ Christine S. Breves

Christine S. Breves
Senior Vice President and Chief Financial Officer

July 31, 2020

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 June 30, 2020

Mine (Federal Mine Safety and Health Administration (MSHA) ID)	Total # of Significant & Substantial violations under §104(a) (a)	Total # of orders under §104(b) (a)	Total # of unwarrantable failure citations and orders under §104(d) (a)	Total # of violations under §110(b)(2) (a)	Total # of orders under §107(a) (a)	Total dollar value of proposed assessments from MSHA	Total # of mining related fatalities	Received Notice of Pattern of Violations under §104(e) (a) (yes/no)?	Received Notice of Potential to have Pattern under §104(e) (a) (yes/no)?	Total # of Legal Actions Pending with the Mine Safety and Health Review Commission as of Last Day of Period (b)	Legal Actions Initiated During Period	Legal Actions Resolved During Period
Mt. Iron (2100820, 2100282)	18	—	—	—	—	$217,700	—	no	no	35	35	31
Keewatin (2103352)	3	—	—	—	—	$100,619	—	no	no	21	21	14

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

(b) Includes all legal actions pending before the Federal Mine Safety and Health Review Commission, together with the Administrative Law Judges thereof, for each of our iron ore operations. These actions may have been initiated in prior quarters. All of the legal actions were initiated by us to contest citations, orders or proposed assessments issued by the Federal Mine Safety and Health administration, and if we are successful, may result in the reduction or dismissal of those citations, orders or assessments. As of the last day of the period, all 56 legal actions were to contest citations and proposed assessments.