Table of Contents

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

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended June 30, 2010

Or

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

For the transition period from to .

(Exact name of registrant as specified in its charter)

Delaware	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)

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 Ö No __

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, 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 Ö 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. See the definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Ö Accelerated filer __ Non-accelerated filer__ (Do not check if a smaller reporting company) Smaller reporting company__

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes___No Ö

Common stock outstanding at July 22, 2010 – 143,564,452 shares

INDEX

Table of Contents

UNITED STATES STEEL CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,			

[redacted]

Table of Contents

unit to its carrying value, including goodwill. The annual goodwill impairment test for 2009 determined that there was no goodwill impairment for either reporting unit. Goodwill impairment tests in prior years also indicated that goodwill was not impaired for either reporting unit. Accordingly, there are no accumulated impairment losses for goodwill.

Amortizable intangible assets are being amortized on a straight-line basis over their estimated useful lives and are detailed below:

(In millions)	Useful Lives	As of June 30, 2010			As of Dh [illegible]		

Table of Contents

The following table reflects the components of net periodic benefit cost for the six months ended June 30, 2010 and 2009:

(In millions)	Pension Benefits 2010	Pension Benefits 2009	Other Benefits 2010	Other Benefits 2009
Service cost	**$ 51**	$ 52	**$ 10**	$ 10
Interest cost	**271**	287	**114**	124
Expected return on plan assets	**(335)**	(352)	**(54)**	(53)
Amortization of prior service cost	[illegible]	[illegible]	[illegible]	[illegible]
Amortization of net loss (gain)	**109**	71	**(6)**	(4)
Net periodic benefit cost, excluding below	**108**	70	**76**	88

tax provision is a net tax benefit of $30 million relating to adjustments to tax reserves, offset by a tax charge of $27 million as a result of the U.S. health care legislation enacted in the first quarter of 2010 (see note 7).

The tax provision for the first six months of 2010 is based on an estimated annual effective rate, which requires management to make its best estimate of annual pretax income or loss. During the year, management regularly updates forecasted annual pretax results for the various countries in which we operate based on changes in factors such as prices, shipments, product mix, plant operating performance and cost estimates. To the extent that actual 2010 pretax results for U.S. and foreign income or loss vary from estimates applied at the end of the most recent interim period, the actual tax provision or benefit recognized in 2010 could be materially different from the forecasted amount used to estimate the tax provision for the six months ended June 30, 2010.

Income tax receivable
During 2010, U. S. Steel received $208 million representing the majority of its expected federal income tax refund related to the carryback of our 2009 losses to prior years.

Deferred taxes
As of June 30, 2010, the net domestic deferred tax asset was $643 million compared to $731 million at December 31, 2009. A substantial amount of U. S. Steel's domestic deferred tax assets relates to employee benefits that will become deductible for tax purposes over an extended period of time as cash contributions are made to employee benefit plans and retiree benefits are paid from the benefit trusts in the future. As a result of our cumulative historical earnings, we continue to believe it is more likely than not that the net domestic deferred tax asset will be realized.

As of June 30, 2010, the net foreign deferred tax asset was $80 million, net of established valuation allowances of $670 million. At December 31, 2009, the net foreign deferred tax asset was $103 million, net of established valuation allowances of $575 million. Net foreign deferred tax assets will fluctuate as the value of the U.S. dollar changes with respect to the Canadian dollar, the euro, and the Serbian dinar. A full valuation allowance is recorded for both the Canadian and Serbian deferred tax assets due to the absence of positive evidence to support the realizability of the deferred tax assets. If evidence changes and it becomes more likely than not that the Company will realize the deferred tax assets, the valuation allowance of $609 million for Canadian deferred tax assets and $48 million for Serbian deferred tax assets as of June 30, 2010, would be partially or fully reversed. Any reversals of these amounts would result in a decrease to tax expense.

Unrecognized tax benefits
Unrecognized tax benefits are the differences between a tax position taken, or expected to be taken, in a tax return and the benefit recognized for accounting purposes pursuant to the guidance found in ASC Topic 740 on income taxes. The total amount of unrecognized tax benefits was $71 million and $106 million as of June 30, 2010 and December 31, 2009, respectively. This decrease was primarily the result of the conclusion of certain tax examinations and the remeasurement of existing tax reserves. The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was $56 million and $77 million as of June 30, 2010 and December 31, 2009, respectively.

U. S. Steel records interest related to uncertain tax positions as a part of net interest and other financial costs in the Statement of Operations. Any penalties are recognized as part of selling, general and administrative expenses. As of June 30, 2010 and December 31, 2009, U. S. Steel had accrued liabilities of $5 million and $4 million, respectively, for interest related to uncertain tax positions. U. S. Steel currently does not have a liability recorded for income tax penalties.

Table of Contents

12. Common Shares and Income Per Common Share

Common Stock Issued

On May 4, 2009, U. S. Steel issued 27,140,000 shares of common stock (par value of $1 per share) at a price of $25.50 per share. The underwriting discount and third-party expenses related to the issuance of the common stock of $31 million was recorded as a decrease to additional paid-in capital, resulting in net proceeds of $661 million.

Net Loss Per Share Attributable to United States Steel Corporation Shareholders

[illegible] loss per common share is based on the weighted average number of common shares outst

Dividends Paid Per Share

The dividend for the three months ended March 31, 2010, June 30, 2010 and June 30, 2009 was five cents per common share. The dividend for the three months ended March 31, 2009 was 30 cents per common share.

13. Inventories

Inventories are carried at the lower of cost or market. The first-in, first-out method is the predominant method of inventory costing in Europe and Canada. The last-in, first-out (LIFO) method is the predominant method of inventory costing in the United States. At June 30, 2010 and December 31, 2009, the LIFO method accounted for 50 percent and 49 percent of total inventory values, respectively.

(In millions)	June 30, 2010	December 31, 2009
Raw materials	**$ 615**	$ 492
Semi-finished products	**835**	741
Finished products	**356**	336
Supplies and sundry items	**206**	110
Total	**$ 2,012**	$ 1,679

Current acquisition costs were estimated to exceed the above inventory values by $850 million and $1.1 billion at June 30, 2010 and December 31, 2009, respectively. Cost of sales was reduced by an immaterial amount and $32 million in the three months ended June 30, 2010 and 2009, respectively, as a result of liquidations of LIFO inventories. Cost of sales was reduced by an immaterial amount and $70 million in the first six months of 2010 and 2009, respectively, as a result of liquidations of LIFO inventories.

Lower of cost or market (LCM) charges were immaterial for the three and six months ended June 30, 2010. During the three and six months ended June 30, 2009, we recorded LCM related charges totaling approximately $85 million and $145 million, respectively.

Inventory includes $93 million and $101 million of land held for residential or commercial development as of June 30, 2010 and December 31, 2009, respectively.

From time to time, U. S. Steel enters into coke swap agreements with other steel manufacturers designed to reduce transportation costs. U. S. Steel shipped and received approximately 360,000 tons of coke under swap agreements during the first six months of 2010. U. S. Steel did not ship or receive any coke under swap agreements during the first six months of 2009.

U. S. Steel also has entered into iron ore pellet swap agreements with an iron ore mining and processing company. Under these agreements, U. S. Steel shipped and received approximately 365,000 tons and 790,000 tons of iron ore pellets during the first six months of 2010 and 2009, respectively.

The coke and iron ore pellet swaps are recorded at cost as nonmonetary transactions. There was no income statement impact related to these swaps in either 2010 or 2009.

14. Derivative Instruments

U. S. Steel is exposed to foreign currency exchange rate risks as a result of our European and Canadian operations. USSE’s revenues are primarily in euros and costs are primarily in U.S. dollars and euros. USSC’s revenues and costs are denominated in both Canadian and U.S. dollars. In addition, foreign cash requirements have been and in the future may be funded by

In accord ϑ̆ ӂ ˛ ή WS WƱ ˾

Table of Contents

any amount outstanding thereunder may be declared immediately due and payable. In such event, U. S. Steel may also be required to either repurchase the leased Fairfield slab caster for $37 million or provide a letter of credit to secure the remaining obligation.

Other obligations

In the event of a bankruptcy of Marathon, $254 million of obligations related to Environmental Revenue Bonds, the Fairfield Caster Lease and the coke battery lease at the Clairton Plant may be declared immediately due and payable.

U. S. Steel Košice (USSK) credit facilities

In March 2010, USSK repaid the outstanding borrowings under its € 200 million (which approximated $245 million at June 30, 2010) revolving unsecured credit facility and had no borrowings against this facility at June 30, 2010.

At June 30, 2010, USSK had no borrowings against its €40 million, €20 million and

Table of Contents

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

Investments and long-term receivables: Fair value is based on discounted cash flows. U. S. Steel is subject to market risk and liquidity risk related to its investments; however, these risks are not readily quantifiable.

Long-term debt instruments: Fair value was determined using Level 2 inputs which were derived from quoted market prices and is based on the yield on public debt wh elces and iÐiÐ [illegible] ol oQa n

Table of Contents

20. StateĎ ѕ

Ta

[Table of Contents](#)

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.

Table of Contents

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 $163 million as of June 30, 2010, which reflects U. S. Steel's maximum exposure under these financial guarantees, but not its total exposure for the underlying obligations. Most of the trust arrangements and letters of credit are collateralized by restricted cash [illegible]

[Table of Contents](#)

pension plan costs totaled $139 million in the first six months of 2010, compared to $167 million in the first six months of 2009. The decrease primarily reflects the absence of expenses incurred related to several Voluntary Early Retirement Programs (VERPs) partially offset by reduced expected returns on lower market related values of pension plan assets and higher amortization of unrecognized losses both of which related to pension plan asset losses experienced in 2008. Pension costs in the second quarter and first six months of 2009 included charges of $9 million and $72 million, respectively, for the VERPs. Defined benefit and multiemployer pension plan costs in the first six months of 2009 also included a $10 million pension curtailment charge in connection with the sale of a majority of the operating assets of Elgin, Joliet and Eastern Railway Company (EJ&E).

Costs related to defined contribution plans totaled $4 million and $6 million in the second quarter and first six months of 2010, respectively, compared to $3 million and $20 million in the comparable periods in 2009. The first six months of 2009 included $13 million for VERP related benefits under these plans.

Other benefits costs, including multiemployer plans, totaled $38 million and $76 million in the second quarter and first six months of 2010, respectively, compared to $46 million and $101 million in the corresponding periods of 2009. The decrease in the six month period was primarily due to favorable 2009 claims experience on our retiree medical plans which impacts 2010 expense and the absence of $11 million of termination charges related to the VERPs.

Nonretirement postemployment benefits

U. S. Steel incurred costs of $3 million and $115 million in the second quarter and first six months of 2009, respectively, to recognize current and estimated future layoff

Table of Contents

During the second quarter of 2009, U. S. Steel received a **federal excise tax refund** of $34 million, including interest, associated with the recovery of black lung excise taxes that were paid on coal export sales during the period October 1, 1990 to December 31, 1992.

We recorded a $97 million pretax **net gain on sale of assets** in the first six months of 2009 as a result of the sale of a majority of the operating assets of EJ&E. The net gain included a pension curtailment charge of approximately $10 million.

Workforce reduction charges of $86 million in the first six months of 2009 reflected employee severance and net benefit charges related to a VERP accepted by approximately 500 non-represented employees in the United States.

Net interest and other financial costs

	Quarter Ended June 30,			Six Months Ended June 30,		
(Dollars in millions)	2010	2009	% Change	2010	2009	% Change
Interest and other financial costs	**$ 60**	$ 42	43%	**$ 108**	$ 81	33%
Interest income	**(1)**	(1)	0%	**(4)**	(3)	33%
Foreign currency losses (gains)	**91**	(32)		**154**	2	
Total	**$ 150**	$ 9	1567%	**$ 258**	$ 80	223%

The unfavorable change in net interest and other financial costs in the second quarter and first six months of 2010 compared to the same periods last year were mainly due to inc

Table of Contents

Issuance of long-term debt, net of financing costs in the first six months of 2010 reflects the issuance of $600 million of 7.375% Senior Notes due 2020. U. S. Steel received net proceeds of $582 million after related discounts and other fees. Also in the first six months of 2010, we issued $89 million of Environmental Revenue Bonds (ERBs), maturing in 2026. Issuance of long-term debt, net of financing costs in the first six months of 2009 mainly reflected the issuance of $863 million of 4.0% Senior Convertible Notes due 2014. U. S. Steel received net proceeds of $836 million after related discounts and other fees.

Repayment of borrowings under revolving credit facilities in the first six months of 2010 reflects USSK's repayment of the outstanding borrowings under its €200 million revolving unsecured credit facility.

Repayment of long-term debt in the first six months of 2010 primarily reflects the refunding of $89 million of ERBs. Repayment of long-term debt in the first six months of 2009 primarily reflected the repayment of $655 million outstanding under our three-year term loan due October 2010 and five-year term loan due May 2012.

Common stock issued in the first six months of 2009 resulted from our public offering of 27 million common shares.

Dividends paid in the first six months of 2010 were $14 million, compared with $42 million in the same period in 2009. Payments in the first six months of 2010 reflected a quarterly dividend rate of five cents per common share. Payments in the first and second quarters of 2009 reflected quarterly dividend rates of 30 cents and five cents, respectively, per common share.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes U. S. Steel's liquidity as of June 30, 2010:

(Dollars in millions)

Cash and cash equivalents	$ 947
Amount available under $750 Million Credit Facility	638
Amount available under Receivables Purchase Agreement	500
Amounts available under USSK credit facilities	325
Amounts available under USSS credit facilities	59
Total estimated liquidity	$ 2,469

As of June 30, 2010, there were no amounts drawn on the Amended Credit Agreement and inventory levels supported the full $750 million capacity of the facility. Since availability under the Amended Credit Agreement was greater than $112.5 million, compliance with the fixed charge coverage ratio was not applicable. However, based on the most recent four quarters, as of June 30, 2010, we would not meet the fixed charge coverage ratio. Therefore, we reduced the availability in the above table to $637.5 million.

On March 16, 2010, U. S. Steel issued $600 million of 7.375% Senior Notes due 2020 (2020 Senior Notes). U. S. Steel received net proceeds of $582 million which will be used for general corporate purposes. The 2020 Senior Notes contain covenants restricting our ability to create liens and engage in sale-leasbacks and requiring the purchase of the 2020 Senior Notes upon a change of control under specified circumstances, as well as other customary provisions. As of June 30, 2010, the principal amount outstanding under the 2020 Senior Notes was $600 million, less unamortized discounts.

[illegible]

The Amended Credit Agreement established a borrowing base formula, which limits the amounts U. S. Steel can borrow to a certain percent of the value of certain domestic inventory less specified reserves, and eliminates the previous financial covenants that consisted of interest and leverage coverage ratios. The Amended Credit Agreement contains a new financial covenant requiring U. S. Steel to maintain a fixed charge coverage ratio (defined as consolidated EBITDA less certain capital expenditures and cash income tax expense to certain fixed charges) of at least 1.10 to 1.00 for the most recent four consecutive quarters when availability under the Amended Credit Agreement is less than the greater of 15 percent of the total aggregate commitments and $112.5 million. The Amended Credit Agreement includes revised pricing and other customary terms and conditions, and will expire on May 11, 2012.

As of June 30, 2010, U. S. Steel has a Receivables Purchase Agreement (RPA) that provides up to $500 million of liquidity and letters of credit depending upon the number of eligible domestic receivables generated by U. S. Steel. Domestic trade accounts receivables are sold, on a daily basis, without recourse, to U. S. Steel Receivables, LLC (USSR), a consolidated wholly owned special purpose entity. If U. S. Steel decides to access this facility, USSR then sells an undivided interest in these receivables to certain conduits. The conduits issue commercial paper to finance the purchase of their interest in the receivables and if any of them are unable to fund such purchases, two banks are committed to do so. U. S. Steel has agreed to continue servicing the sold receivables at market rates. Because U. S. Steel receives adequate compensation for these services, no servicing asset or liability has been recorded. On July 21, 2010, U. S. Steel and USSR entered into an amendment of the program documentation that increased the maximum amount of receivables eligible for sale to $525 million and extended the term until July 19, 2013.

The RPA may be terminated on the occurrence and failure to cure certain events, including, among others, failure by U. S. Steel to make payments under our material debt obligations and any failure to maintain certain ratios related to the collectability of the receivables. As of June 30, 2010, there were no receivable transfers under this facility and eligible accounts receivable supported $500 million of availability under the RPA.

At June 30, 2010, U. S. Steel Košice (USSK) had no borrowings against its €40 million, €20 million and €10 million unsecured credit facilities (which approximated $86 million) but had $6 million of customs and other guarantees outstanding, reducing availability under these facilities to $80 million.

In March 2010, USSK repaid the outstanding borrowings under its €200 million (approximately $245 million) revolving unsecured credit facility and had no borrowings against this facility at June 30, 2010.

USSK is the sole obligor on these facilities and they bear interest at the applicable inter-bank offer rate plus a margin and contain other customary terms and conditions. The €10 million facility expires January 2011, the €200 million facility expires July 2011, the €40 million facility expires October 2012 and the €20 million facility expires December 2012.

During 2009, U. S. Steel Serbia (USSS) amended its secured credit facility agreements to limit availability to the value of its inventory of finished and semi-finished goods. These facilities include an 800 million Serbian dinar overdraft facility and a €40 million revolving credit facility (together approximately $59 million at June 30, 2010). USSS is the sole obligor on these facilities and they bear interest at the applicable inter-bank offer rate plus a margin and contain other customary terms and conditions. At June 30, 2010, there were no borrowings against these facilities and availability was approximately $59 million. These facilities expire on August 31, 2010. On July 23, 2010, USSS entered into new facilities on substantially similar terms except that the revolving credit facility capacity was reduced to €20 million and the overdraft facility was increased to 1 billion Serbian dinars (together approximately $38 million at July 23, 2010). The new facilities are effective September 1, 2010 and expire on August 31, 2011.

Table of Contents

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 collateral have a negative impact on liquidity. U. S. Steel has committed $141 million of liquidity sources for financial assurance purposes as of June 30, 2010.

In the event of a bankruptcy of Marathon Oil Corporation, obligations of $254 million relating to Environmental Revenue Bonds and two capital leases, as well as $24 million relating to an operating lease, may be declared immediately due and payable.

The guarantees of the indebtedness of unconsolidated entities of U. S. Steel totaled $11 million at June 30, 2010. In the event that any default related to the guaranteed indebtedness occurs, U. S. Steel has access to its interest in the assets of the investee to reduce

[Table of Contents](#)

Greenhouse Gas Emissions Regulation

The current and potential regulation of greenhouse gas emissions remains a significant issue for the steel industry, particularly for integrated steel producers such as U. S. Steel. The regulation of carbon dioxide (CO) emissions has either become law or is being considered by legislative bodies of many nations, including countries where we have operating facilities. The EU has established greenhouse gas regulations while in Canada, a regulatory framework for greenhouse gas emissions has been published, details of which are discussed below. International negotiations to supplement and eventually replace the 1997 Kyoto Protocol are ongoing. In the United States, the House of Representatives passed the American Clean Energy and Security Act (also known as the Waxman-Markey Bill) on June 26, 2009. The American Power Act was introduced by Senators Kerry and Lieberman on May 12, 2010. Both bills contemplate energy and greenhouse gas reductions with a combination of economy-wide non-binding greenhouse gas goals and mandatory caps on regulated sources. If greenhouse gas cap-and-trade legislation becomes law, it could have far ranging economic and operational consequences for U. S. Steel. It is impossible to estimate the timing or impact of these or other future government action on U. S. Steel, although it could be significant. Such impacts may include substantial capital expenditures, costs for emission allowances, restriction of production, and higher prices for coking coal and other carbon based energy sources.

The EPA has classified CO as a harmful gas. Under this premise, it has implemented a new greenhouse gas emission inventory and reporting requirement for all facilities emitting 25,000 metric tons or more per year of carbon dioxide equivalent (CO e) greenhouse gases. The regulation requires facilities to collect information on CO e and report emissions to the EPA starting in January 2011, covering the 2010 calendar year. Most domestic U. S. Steel facilities are required to comply with the new reporting requirements. Since it was first proposed by the EPA, U. S. Steel has implemented monitoring plans for meeting this requirement.

On May 13, 2010 the EPA published its final Greenhouse Gas Tailoring Rule establishing a mechanism for regulating greenhouse gas emissions from facilities through the Clean Air Act’s Prevention of Significant Deterioration permitting process. Starting in 2011, existing facilities that emit over 75,000 tons per year of greenhouse gas emissions will have new requirements based on best available control technology (BACT). This will be followed with new BACT requirements for new sources that emit over 100,000 tons per year of greenhouse gases or modified sources that emit more than 75,000 tons per year. The definitions for BACT requirements are expected from the EPA later this year. U. S. Steel is currently evaluating the cost of compliance with these regulations.

To comply with the 1997 Kyoto Protocol to the United Nations Framework Convention on Climate Change, the European Commission (EC) has created an Emissions Trading System (ETS). Under the ETS, the EC establishes CO

Table of Contents

On April 26, 2007, Canada’s federal government announced an Action Plan to Reduce Greenhouse Gases and Air Pollution (the Plan). The Plan would set mandatory reduction targets on all major greenhouse gas producing industries to achieve an absolute reduction of 150 megatonnes in greenhouse gas emissions from 2006 levels by 2020. On March 10, 2008, Canada’s federal government published details of its Regulatory Framework for Industrial Greenhouse Gas Emissions (the Framework). The Plan and the Framework provide that facilities existing in 2004 will be required to cut their greenhouse gas emissions intensity by 18 percent from 2006 baseline by 2010, with a further two percent reduction in each following year. The Framework provided that newer and future facilities would be subject to phased in two percent annual emissions intensity reduction obligations and clean fuel standards. Companies will be able to choose the most cost-effective way to meet their targets from a range of options which include carbon trading, offsets and credit for early action (between 1992 and 2006). The Framework effectively exempts fixed process emissions of C

Table of Contents

received information requests or other indications that we may be a PRP under CERCLA but where sufficient information is not presently available to confirm the existence of liability or make any judgment as to the amount thereof. There are also 45 additional sites related to U. S. Steel where remediation is being sought under other environmental statutes, both federal and state, or where private parties are seeking remediation 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 thereof, is frequently dependent upon the outcome of 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 determinable. As environmental remediation matters proceed toward ultimate resolution or as additional remediation obligations arise, charges in excess of those previously accrued may be required. See note 22 to the Financial Statements.

For discussion of relevant environmental items, see "Part II. Other Information – Item 1. Legal Proceedings – Environmental Proceedings."

[illegible]
such liabilities at June 30, 2010 was $200 million. These amounts exclude liabiliti 30200u dabtimiafonae amtion obligunéo)gf.S. d. See362̌00 2 to the Final ï cial Stat

Third quarter results for Tubular are expected to improve as compared to the second quarter. The benefits of higher average realized prices and decreased costs for steel substrate are expected to be only partially offset by the impact of lower carbon oil country tubular goods (OCTG) and welded line pipe shipments.

The results for Other Businesses are expected to be lower in the third quarter due primarily to the second quarter impact of a land sale by our real estate operations.

INTERNATIONAL TRADE

On April 8, 2009, U. S. Steel, Maverick Tube Corporation, TMK Ipsco, V&M Star LP, Evraz, Rocky Mountain Steel, Wheatland Tube Corporation and the USW filed anti-dumping and countervailing duty (subsidy) petitions regarding certain oil country tubular goods (OCTG) from China. The petitions were filed in response to an unprecedented surge of imports from China, increasing from 900 thousand net tons in 2007 to nearly 2.3 million net tons in 2008. On November 24, 2009, the Department of Commerce (DOC) announced final countervailing duties ranging from 10.49 to 15.78 percent. On December 30, 2009, the U.S. International Trade Commission (ITC) determined that the U.S. industry is materially injured or threatened with material injury due to subsidized imports. On April 9, 2010, the DOC announced final anti-dumping duties ranging from 32.07 percent to 99.14 percent. On May 3, 2010, the ITC determined that the U.S. industry is materially injured or threatened with material injury due to the dumped imports. As a result of these actions, countervailing duties and anti-dumping duties have been ordered against the import of these products.

On September 16, 2009, U. S. Steel and V&M Star LP filed anti-dumping and countervailing duty petitions regarding certain seamless carbon and alloy steel standard, line and pressure pipe from China. Subsequently, TMK Ipsco and the United Steelworkers (USW) joined the case as petitioners. The petitions were filed in response to an incredible surge of seamless pipe imports from China. The volume of U.S. imports from China soared from 158,128 net tons in 2006 to 366,091 net tons in 2008. The ITC voted unanimously on October 30, 2009 that there is a reasonable indication that the U.S. industry is threatened with material injury by reason of subsidized and dumped imports of these products from China. On February 24, 2010, the DOC issued preliminary countervailing duties ranging from 11.06% to 12.97%. On April 22, 2010 the DOC announced preliminary anti-dumping duties of between 22.67% and 98.37%. Final duty percentages and a final injury determination are expected later this year.

ACCOUNTING STANDARDS

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

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, 2010. 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 is: (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, 2010, 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.

Table of Contents

UNITED STATES STEEL CORPORATION
SUPPLEMENTAL STATISTICS (Unaudited)

(Dollars in millions)	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
INCOME (LOSS) FROM OPERATIONS				
Flat-rolled	**$ 98**	$ (362)	**$ 18**	$ (784)
U. S. Steel Europe	**19**	(53)	**31**	(212)
Tubular	**96**	(88)	**141**	39
Other Businesses	**28**	(7)	**38**	(10)
Segment Income (Loss) from Operations	**241**	(510)	**228**	(967)
Retiree benefit expenses	**(43)**	(34)	**(87)**	(66)
Other items not allocated to segments:				
Litigation reserve	**-**	45	**-**	45
Federal excise tax refund	**-**	34	**-**	34
Net gain on sale of assets	**-**	-	**-**	97
Workforce reduction charges	**-**	-	**-**	(86)
Total Income (Loss) from Operations	**$ 198**	$ (465)	**$ 141**	$ (943)
CAPITAL EXPENDITURES				
Flat-rolled	**$ 74**	$ 65	**$ 154**	$ 163
U. S. Steel Europe	**28**	18	**72**	28
Tubular	**13**	3	**13**	6
Other Businesses	**2**	2	**3**	9
Total	**$ 117**	$ 88	**$ 242**	$ 206
OPERATING STATISTICS				
Average realized price: ($/net ton) [(a)]				
Flat-rolled	**700**	677	**678**	697
U. S. Steel Europe	**687**	602	**649**	634
Tubular	**1,496**	1,526	**1,452**	2,100
Steel Shipments: [(a)(b)]				
Flat-rolled	**4,061**	1,815	**7,633**	3,938
U. S. Steel Europe	**1,386**	1,035	**2,908**	1,932
Tubular	**433**	92	**743**	299
Total Steel Shipments	**5,880**	2,942	**11,284**	6,169
Raw Steel-Production: [(b)]				
Flat-rolled	**4,979**	1,964	**9,165**	4,243
U. S. Steel Europe	**1,637**	1,059	**3,225**	2,058
Raw Steel-Capability Utilization: [(c)]				
Flat-rolled	**82%**	32%	**78%**	35%
U. S. Steel Europe	**89%**	57%	**88%**	56%

(a) Excludes intersegment transfers.
(b) Thousands of net tons.
(c) Based on annual raw steel production capability of 24.3 million net tons for Flat-rolled and 7.4 million net tons for U. S. Steel Europe.

Midwest Plant

A former disposal area located on the east side of the Midwest Plant was designated a SWMU (East Side SWMU) by IDEM before U. S. Steel acquired this plant from National Steel Corporation. After the acquisition, U. S. Steel conducted further investigations of the East Side SWMU. As a result, U. S. Steel has submitted a Closure Plan to IDEM recommending consolidation and “in-place” closure of the East Side SWMU. IDEM approved the Closure Plan in January 2010. Implementation of the Closure Plan is expected to begin during the third quarter of 2010. The cost to close the East Side SWMU is expected to be approximately $4 million and was recorded as an accrued liability as of June 30, 2010.

Fairless Plant

adding a release of coke oven gas in February 2006. In October 2007, the Court entered a Second Supplemental Complaint in which IEPA added alleged violations regarding excessive opacity emissions from the blast furnace, and incorrect sulfur dioxide (SO_2) emission factors regarding blast furnace gas emissions. On December 18, 2007, U. S. Steel entered into a Consent Order (the Order) with the Illinois Attorney General and IEPA that resolved the Complaint, as supplemented. The Order required that U. S. Steel: (1) pay a penalty of $300,000, which U. S. Steel paid on January 10, 2008; (2) demonstrate compliance with Coke Oven Pushing Operations in accordance with the compliance schedule provided in the Order; (3) comply with the basic oxygen furnace (BOF) opacity emissions in accordance with the schedule provided in the Order; and (4) submit to IEPA a revised permit application with the correct SO_2 emission factors, which U. S. Steel submitted in January 2008. In December 2009, U. S. Steel and the Illinois Attorney General, by order of the Court, modified the Consent Order to establish a March 31, 2011 deadline for U. S. Steel to demonstrate compliance with existing standards at the BOF.

At Granite City Works, U. S. Steel and Gateway Energy & Coke Company, LLC (Gateway), a subsidiary of SunCoke Energy, Inc., have agreed with two environmental advocacy groups to establish an Environmental Trust Fund (Trust), which requires the permittees (U. S. Steel and Gateway) to collectively deposit $1.0 million by September 30th of each year, beginning September 30, 2008 and ending September 30, 2012. The capital contributions and all net income of the Trust are to be used for the purposes of promoting energy efficiency, greenhouse gas reductions and PM2.5 emission reduction, to be implemented in the community, including the Granite City municipality, local schools, parks and library districts. To date, U. S. Steel and Gateway have paid the first two of five installments towards the fund.

On February 2, 2009, U. S. Steel received an NOV from IEPA alleging approximately 16 separate violations. Specifically, IEPA alleged that Granite City Works: inappropriately charged a battery while off the collecting mains because of (1) damaged coke guides on one occasion and (2) derailment of the pushing control system on two occasions; failed to perform some monthly and quarterly inspections required by Iron & Steel Maximum Achievable Control Technology (MACT) standards or Coke MACT standards; failed to initiate repairs within 30 days after recording that the baffles on the quench tower were damaged on the monthly inspection report; failed to adequately wash the baffles on the quench tower per the MACT standard; inappropriately used the emergency pour station at the BOP during routine, non-emergency maintenance; failed to sufficiently apply a wetting agent to the slag from BF-A to minimize fugitive emissions while loading trucks and failed to update and properly implement its Fugitive Dust Program. Resolution of the issues identified in the NOV continues to be negotiated with IEPA. On November 16, 2009, Granite City Works received a notice of intent to pursue legal action regarding the alleged violations from IEPA. U. S. Steel last met with IEPA on December 8, 2009 to discuss resolution.

On March 17, 2009, U. S. Steel received an NOV from IEPA alleging the following at Granite City Works: door leaks from B Battery; volatile organic compounds from pressure relief valves from gas blanketing tank; coke by products process unit and information (lacking); failure to report retagging project for benzene in service equipment; and, failure to maintain records for benzene in service equipment repairs. IEPA has not made a penalty demand to date. Resolution of the issues identified in the NOV continues to be negotiated with IEPA. On November 16, 2009, Granite City Works received a notice of intent to pursue legal action regarding the alleged violations from IEPA. U. S. Steel last met with IEPA on December 8, 2009 to discuss resolution and the issue has been referred to the Attorney General for resolution.

In late January 2009, Granite City Works exceeded its natural gas usage and corresponding emission limits for 2008 at designated combustion units, including boilers and ladle drying. A notification letter was submitted to IEPA by U. S. Steel on January 30, 2009. Per U. S. Steel’s January 30, 2009

[Table of Contents](#)

Other

On Den

Table of Contents

possible to determine whether any loss is probable with respect to such claims or even to estimate the amount or range ofth i

Item 1A. RISK FACTORS

There was no material change in U. S. Steel's risk factors from the risks disclosed in U. S. Steel's Form 10-K for the year ended December 31, 2009.

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/ Gregory A. Zovko

Gregory A. Zovko
Vice President and Controller

July 27, 2010

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.

Exhibit 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, John P. Surma, certify that:

1. I have reviewed this quarterly report on Form 10-Q of United States Steel Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

July 27, 2010

/s/ John P. Surma

John P. Surma
Chairman of the Board of Directors
and Chief Executive Officer

Exhibit

Exhibit 32.1

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

I, John P. Surma, Chairman of the Board of Directors 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, 2010, 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/ John P. Surma
John P. Surma
Chairman of the Board of Directors
and Chief Executive Officer

July 27, 2010

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, Gretchen R. Haggerty, Executive Vice President and Chief Financial Officer of United States Steel Corporation, certify that:

(1) The Quarterly Report on Form 10-Q of United States Steel Corporation for the period ending June 30, 2010, 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 Corpora hanggg