MANAGEMENT'S REPORT TO STOCKHOLDERS

February 2, 2024

To the Stockholders of United States Steel Corporation:

Financial Statements and Practices

The accompanying consolidated financial statements of United States Steel Corporation are the responsibility of and have been prepared by United States Steel Corporation in conformity with accounting principles generally accepted in the United States of America. They necessarily include some amounts that are based on our best judgments and estimates. United States Steel Corporation's financial information displayed in other sections of this report is consistent with these financial statements.

United States Steel Corporation seeks to assure the objectivity and integrity of its financial records by careful selection of its managers, by organizational arrangements that provide an appropriate division of responsibility and by communication programs aimed at assuring that its policies, procedures and methods are understood throughout the organization.

United States Steel Corporation has a comprehensive, formalized system of internal controls designed to provide reasonable assurance that assets are safeguarded, that financial records are reliable and that information required to be disclosed in reports filed with or submitted to the Securities and Exchange Commission is recorded, processed, summarized and reported within the required time limits. Appropriate management monitors the system for compliance and evaluates it for effectiveness, and the independent registered public accounting firm measures its effectiveness and recommends possible improvements thereto.

The Board of Directors exercises its oversight role in the area of financial reporting and internal control over financial reporting through its Audit Committee. This committee, composed solely of independent directors, regularly meets (jointly and separately) with the independent registered public accounting firm, management, internal audit and other executives to monitor the proper discharge by each of their responsibilities relative to internal control over financial reporting and United States Steel Corporation's financial statements.

Internal Control Over Financial Reporting

United States Steel Corporation's management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of United States Steel Corporation's management, including the Chief Executive Officer and Chief Financial Officer, United States Steel Corporation conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on this evaluation, United States Steel Corporation's management concluded that United States Steel Corporation's internal control over financial reporting was effective as of December 31, 2023.

The effectiveness of United States Steel Corporation's internal control over financial reporting as of December 31, 2023, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included herein.

/s/ David B. Burritt	/s/ Jessica T. Graziano
David B. Burritt	Jessica T. Graziano
President and Chief Executive Officer	Senior Vice President and Chief Financial Officer

/s/ Manpreet S. Grewal

Manpreet S. Grewal

Vice President, Controller
& Chief Accounting Officer

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of United States Steel Corporation

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of United States Steel Corporation and its subsidiaries (the "Company") as of December 31, 2023, and 2022, and the related consolidated statements of operations, of comprehensive income (loss), of stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2023, including the related notes and financial statement schedule listed in the index appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report to Stockholders on Internal Control Over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Sales Recognition

As described in Notes 1 and 6 to the consolidated financial statements, revenue is generated primarily from contracts to produce, ship and deliver steel products, and to a lesser extent, raw materials such as iron ore pellets and coke by-products. Sales are recognized when the Company's performance obligations are satisfied. Generally, the Company's performance obligations are satisfied, control of products is transferred, and revenue is recognized at a single point in time, when title transfers to customers for products shipped. For the year ended December 31, 2023, the Company's net sales were $18.1 billion.

The principal consideration for our determination that performing procedures relating to sales recognition is a critical audit matter is a high degree of auditor effort in performing procedures related to the Company's sales recognition.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the sales recognition process. These procedures also included, among others, for certain components (i) evaluating revenue transactions by testing the issuance and settlement of invoices and credit memos (ii) tracing transactions not settled to a detailed listing of accounts receivable, (iii) testing the completeness and accuracy of data provided by management, and (iv) confirming a sample of outstanding customer invoice balances as of December 31, 2023 and, for confirmations not returned, obtaining and inspecting source documents, such as invoices, delivery documents, and subsequent cash receipts. For other components, these procedures included testing the revenue recognized for a sample of revenue transactions by obtaining and inspecting source documents, such as evidence of customer arrangement, invoices, proof of shipment, and subsequent cash receipts.

/s/ PricewaterhouseCoopers LLP
Pittsburgh, Pennsylvania
February 2, 2024

We have served as the Company’s auditor since 1903.

UNITED STATES STEEL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
(Dollars in millions, except per share amounts)	**2023**	**2022**	**2021**
Net sales:			
Net sales	**$ 16,038**	$ 19,123	$ 18,964
Net sales to related parties (Note 23)	**2,015**	1,942	1,311
Total (Note 6)	**18,053**	21,065	20,275
Operating expenses (income):			
Cost of sales (excludes items shown below)	**15,803**	16,777	14,533
Selling, general and administrative expenses	**501**	422	426
Depreciation, depletion and amortization (Notes 13 and 14)	**916**	791	791
Earnings from investees (Note 12)	**(115)**	(243)	(170)
Gain on sale of Transtar (Note 5)	**—**	—	(506)
Asset impairment charges (Note 1)	**129**	163	273
Restructuring and other charges (Note 25)	**36**	48	128
Gain on equity investee transactions (Note 12)	**—**	(6)	(111)
Other gains, net	**(16)**	(47)	(35)
Total	**17,254**	17,905	15,329
Earnings before interest and income taxes	**799**	3,160	4,946
Interest expense	**72**	159	313
Interest income	**(141)**	(44)	(4)
Loss on debt extinguishment (Note 7)	**—**	—	292
Other financial costs	**18**	32	46
Net periodic benefit income	**(154)**	(246)	(45)
Net gain from investments related to active employee benefits (Note 20)	**(43)**	—	—
Net interest and other financial (benefits) costs (Note 7)	**(248)**	(99)	602
Earnings before income taxes	**1,047**	3,259	4,344
Income tax expense (Note 11)	**152**	735	170
Net earnings	**895**	2,524	4,174
Less: Net earnings attributable to noncontrolling interests	**—**	—	—
Net earnings attributable to United States Steel Corporation	**$ 895**	$ 2,524	$ 4,174
Earnings per common share (Note 8)			
Earnings per share attributable to United States Steel Corporation stockholders:			
— Basic	**$ 3.98**	$ 10.22	$ 15.77
— Diluted	**$ 3.56**	$ 9.16	$ 14.88

The accompanying notes are an integral part of these Consolidated Financial Statements.

UNITED STATES STEEL CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Year Ended December 31,		
(Dollars in millions)	**2023**	**2022**	**2021**
Net earnings	**$ 895**	$ 2,524	$ 4,174
Other comprehensive income (loss), net of tax:			
Changes in foreign currency translation adjustments [a]	**54**	(91)	(78)
Changes in pension and other employee benefit accounts [a]	**81**	(297)	433
Changes in derivative financial instruments [a]	**(9)**	(28)	23
Changes in fair value of active employee benefit investments [a]	**5**	—	—
Total other comprehensive income (loss), net of tax	**131**	(416)	378
Comprehensive income including noncontrolling interest	**1,026**	2,108	4,552
Comprehensive income attributable to noncontrolling interest	**—**	—	—
Comprehensive income attributable to United States Steel Corporation	**$ 1,026**	$ 2,108	$ 4,552

[a] Related income tax (provision) benefit:

Foreign currency translation adjustments	**$ (3)**	$ 24	$ 32
Pension and other benefits adjustments	**(24)**	95	(147)
Derivative adjustments	**3**	9	(6)
Active employee benefit investments	**(2)**	—	—

The accompanying notes are an integral part of these Consolidated Financial Statements.

UNITED STATES STEEL CORPORATION
CONSOLIDATED BALANCE SHEETS

(Dollars in millions)	December 31, 2023	2022
Assets		
Current assets:		
Cash and cash equivalents (Note 9)	**$ 2,948**	$ 3,504
Receivables, less allowance of $38 in both periods	**1,390**	1,485
Receivables from related parties (Note 23)	**158**	150
Inventories (Note 10)	**2,128**	2,359
Other current assets	**319**	368
Total current assets	**6,943**	7,866
Long-term restricted cash (Note 9)	**32**	31
Investments and long-term receivables, less allowance of $3 and $4 (Note 12)	**761**	840
Operating lease assets (Note 24)	**109**	146
Property, plant and equipment, net (Note 13)	**10,393**	8,492
Intangibles, net (Note 14)	**436**	478
Deferred income tax benefits (Note 11)	**19**	10
Goodwill (Note 14)	**920**	920
Other noncurrent assets	**838**	675
Total assets	**$ 20,451**	$ 19,458
Liabilities		
Current liabilities:		
Accounts payable and other accrued liabilities	**$ 2,889**	$ 2,873
Accounts payable to related parties (Note 23)	**139**	143
Payroll and benefits payable	**442**	493
Accrued taxes	**222**	271
Accrued interest	**70**	67
Current operating lease liabilities (Note 24)	**44**	49
Short-term debt and current maturities of long-term debt (Note 17)	**142**	63
Total current liabilities	**3,948**	3,959
Noncurrent operating lease liabilities (Note 24)	**73**	105
Long-term debt, less unamortized discount and debt issuance costs (Note 17)	**4,080**	3,914
Employee benefits (Note 18)	**126**	209
Deferred income tax liabilities (Note 11)	**587**	456
Deferred credits and other noncurrent liabilities	**497**	504
Total liabilities	**9,311**	9,147
Contingencies and commitments (Note 26)		
Stockholders' Equity		
Common stock issued — 285,959,739 and 282,487,412 shares issued (par value $1 per share, authorized 400,000,000 shares) (Note 8)	**286**	283
Treasury stock, at cost (62,288,523 shares and 54,089,559 shares)	**(1,418)**	(1,204)
Additional paid-in capital	**5,253**	5,194
Retained earnings	**6,880**	6,030
Accumulated other comprehensive income (loss) (Note 21)	**46**	(85)
Total United States Steel Corporation stockholders' equity	**11,047**	10,218
Noncontrolling interests	**93**	93
Total liabilities and stockholders' equity	**$ 20,451**	$ 19,458

The accompanying notes are an integral part of these Consolidated Financial Statements.

UNITED STATES STEEL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
(Dollars in millions)	**2023**	**2022**	**2021**
Increase (decrease) in cash and cash equivalents			
Operating activities:			
Net earnings	**$ 895**	$ 2,524	$ 4,174
Adjustments to reconcile net cash provided by operating activities:			
Depreciation, depletion and amortization (Notes 13 and 14)	**916**	791	791
Gain on sale of Transtar (Note 5)	**—**	—	(506)
Asset impairment charges (Note 1)	**129**	163	273
Gain on equity investee transactions (Note 12)	**—**	(6)	(111)
Restructuring and other charges (Note 25)	**36**	48	128
Loss on debt extinguishment (Note 7)	**—**	—	292
Pensions and other post-employment benefits	**(157)**	(213)	15
Active employee benefit investments	**32**	—	—
Deferred income taxes (Note 11)	**97**	501	(52)
Net gain on sale of assets	**(6)**	(12)	(7)
Equity investees earnings, net of distributions received	**(1)**	(215)	(168)
Changes in:			
Current receivables	**103**	370	(955)
Inventories	**257**	(222)	(677)
Current accounts payable and accrued expenses	**25**	(180)	783
Income taxes receivable/payable	**(27)**	(15)	161
All other, net	**(199)**	(29)	(51)
Net cash provided by operating activities	**2,100**	3,505	4,090
Investing activities:			
Capital expenditures	**(2,576)**	(1,769)	(863)
Acquisition of Big River Steel, net of cash acquired (Note 5)	**—**	—	(625)
Proceeds from sale of Transtar (Note 5)	**—**	—	627
Proceeds from cost reimbursement government grants (Note 26)	**—**	54	—
Proceeds from sale of assets	**8**	32	26
Proceeds from sale of ownership interests in equity investees (Note 12)	**—**	12	—
Other investing activities	**—**	(8)	(5)
Net cash used in investing activities	**(2,568)**	(1,679)	(840)
Financing activities:			
Repayment of short-term debt (Note 17)	**—**	—	(180)
Revolving credit facilities - borrowings, net of financing costs (Note 17)	**—**	—	50
Revolving credit facilities - repayments (Note 17)	**—**	—	(911)
Issuance of long-term debt, net of financing costs (Note 17)	**241**	343	864
Repayment of long-term debt (Note 17)	**(89)**	(382)	(3,183)
Net proceeds from public offering of common stock (Note 27)	**—**	—	790
Common stock repurchased (Note 27)	**(175)**	(849)	(150)
Proceeds from government incentives (Note 26)	**—**	82	—
Other financing activities	**(75)**	(62)	(27)
Net cash used in financing activities	**(98)**	(868)	(2,747)
Effect of exchange rate changes on cash	**15**	(19)	(21)
Net (decrease) increase in cash, cash equivalents and restricted cash	**(551)**	939	482
Cash, cash equivalents and restricted cash at beginning of year (Note 9)	**3,539**	2,600	2,118
Cash, cash equivalents and restricted cash at end of year (Note 9)	**$ 2,988**	$ 3,539	$ 2,600

See Note 22 for supplemental cash flow information.

The accompanying notes are an integral part of these Consolidated Financial Statements.

UNITED STATES STEEL CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Dollars in Millions			Shares in Thousands		
	2023	**2022**	**2021**	**2023**	**2022**	**2021**
Common stock:						
Balance at beginning of year	**$ 283**	$ 280	$ 229	**282,487**	279,522	229,106
Common stock issued	**3**	3	51	**3,473**	2,965	50,416
Balance at end of year	**$ 286**	$ 283	$ 280	**285,960**	282,487	279,522
Treasury stock:						
Balance at beginning of year	**$ (1,204)**	$ (334)	$ (175)	**(54,090)**	(15,709)	(8,673)
Common stock repurchased	**(175)**	(849)	(150)	**(7,092)**	(37,559)	(6,557)
Excise tax on common stock repurchased	**(1)**	—	—	**—**	—	—
Common stock (repurchased) reissued for employee/non-employee director stock plans	**(38)**	(21)	(9)	**(1,107)**	(822)	(479)
Balance at end of year	**$ (1,418)**	$ (1,204)	$ (334)	**(62,289)**	(54,090)	(15,709)
Additional paid-in capital:						
Balance at beginning of year	**$ 5,194**	$ 5,199	$ 4,402			
Dividends on common stock	**—**	—	(5)			
Common stock issued	**—**	—	742			
Employee stock plans	**59**	72	60			
Cumulative effect upon adoption of Accounting Standards Update 2020-06	**—**	(77)	—			
Balance at end of year	**$ 5,253**	$ 5,194	$ 5,199			

The accompanying notes are an integral part of these Consolidated Financial Statements.

UNITED STATES STEEL CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Continued)

(Dollars in millions)	2023	2022	2021	Comprehensive Income (Loss) 2023	2022	2021
Retained earnings:						
Balance at beginning of year	**$ 6,030**	$ 3,534	$ (623)			
Net earnings attributable to United States Steel Corporation	**895**	2,524	4,174	**$ 895**	$ 2,524	$ 4,174
Dividends on common stock	**(45)**	(50)	(18)			
Cumulative effect upon adoption of Accounting Standards Update 2020-06	**—**	22	—			
Other	**—**	—	1			
Balance at end of year	**$ 6,880**	$ 6,030	$ 3,534			
Accumulated other comprehensive income (loss):						
Pension and other benefit adjustments (Note 18):						
Balance at beginning of year	**$ (322)**	$ (25)	$ (458)			
Changes during year, net of taxes [a]	**79**	(304)	433	**79**	(304)	433
Changes during year, equity investee net of taxes [a]	**2**	7	—	**2**	7	—
Balance at end of year	**$ (241)**	$ (322)	$ (25)			
Foreign currency translation adjustments:						
Balance at beginning of year	**$ 280**	$ 371	$ 449			
Changes during year, net of taxes [a]	**54**	(91)	(78)	**54**	(91)	(78)
Balance at end of year	**$ 334**	$ 280	$ 371			
Derivative financial instruments:						
Balance at beginning of year	**$ (43)**	$ (15)	$ (38)			
Changes during year, net of taxes [a]	**(9)**	(28)	23	**(9)**	(28)	23
Balance at end of year	**$ (52)**	$ (43)	$ (15)			
Fair value of active employee benefit investments						
Balance at beginning of year	**$ —**	$ —	$ —			
Changes during year, net of taxes [a]	**5**	—	—	**5**	—	—
Balance at end of year	**$ 5**	$ —	$ —			
Total balances at end of year	**$ 46**	$ (85)	$ 331			
Total stockholders' equity	**$ 11,047**	$ 10,218	$ 9,010			
Noncontrolling interests:						
Balance at beginning of year	**$ 93**	$ 93	$ 93			
Net loss	**—**	—	—	**—**	—	—
Balance at end of year	**$ 93**	$ 93	$ 93			
Total comprehensive income				**$ 1,026**	$ 2,108	$ 4,552

[a] Related income tax benefit (expense):

Foreign currency translation adjustments	**$ (3)**	$ 24	$ 32
Pension and other benefits adjustments	**(24)**	95	(147)
Derivative adjustments	**3**	9	(6)
Active employee benefit investments	**(2)**	—	—

The accompanying notes are an integral part of these Consolidated Financial Statements.

1. Nature of Business and Significant Accounting Policies

Nature of Business

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

Agreement and Plan of Merger with Nippon Steel Corporation

On December 18, 2023, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Nippon Steel North America, Inc., a New York corporation ("Purchaser"), 2023 Merger Subsidiary, Inc., a Delaware corporation and a wholly owned subsidiary of Purchaser ("Merger Sub"), and, solely as provided in Section 9.13 therein, Nippon Steel Corporation, a Japanese corporation ("NSC"), pursuant to which Merger Sub will merge with and into the Company (the "Merger") with the Company surviving the Merger as a wholly-owned subsidiary of Purchaser. Subject to the terms and conditions set forth in the Merger Agreement, each share of the Company's common stock, par value $1.00 per share, outstanding immediately prior to the effective time of the Merger (the "Effective Time") will, at the Effective Time, automatically be converted into the right to receive $55.00 per share in cash, without interest, subject to any required tax withholding.

The Merger Agreement requires us to operate in the ordinary course of business and restricts us, without the consent of Purchaser, from taking certain specified actions agreed by the parties to be outside the ordinary course of business until the pending Merger occurs or the Merger Agreement terminates.

Significant Accounting Policies

Principles applied in consolidation

These financial statements include the accounts of U. S. Steel and its majority-owned subsidiaries. Additionally, variable interest entities for which U. S. Steel is the primary beneficiary are included in the Consolidated Financial Statements, and their impacts are either partially or completely offset by noncontrolling interests. Intercompany accounts, transactions and profits have been eliminated in consolidation.

Investments in entities over which U. S. Steel has significant influence are accounted for using the equity method of accounting and are carried at U. S. Steel’s share of net assets plus loans, advances and our share of earnings less distributions.

Earnings or loss from investees includes U. S. Steel’s share of earnings or loss from equity method investments (and any amortization of basis differences), which are generally recorded a month in arrears.

Use of estimates

Generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at year-end and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the carrying value of property, plant and equipment; intangible assets; the fair value of assets or liabilities acquired in a business combination; valuation allowances for receivables, inventories and deferred income tax assets and liabilities; environmental liabilities; liabilities for potential tax deficiencies; potential litigation claims and settlements; assets and obligations related to employee benefits; and restructuring and other charges. Actual results could differ materially from the estimates and assumptions used.

The preparation of the financial statements includes an 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 current expectations 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.

Sales recognition

Sales are recognized when U. S. Steel's performance obligations are satisfied. Generally, U. S. Steel’s performance obligations are satisfied, control of our products is transferred, and revenue is recognized at a single point in time, when title transfers to our customer for product shipped or when 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 as additional net sales and cost of sales at the time control is transferred to the customer. See Note 6 for further details on U. S. Steel’s revenue.

Inventories

Inventories are carried at the lower of cost or net realizable value. Fixed costs related to abnormal production capacity are expensed in the period incurred rather than capitalized into inventory.

LIFO is the predominant method of inventory costing for inventories held by the Flat-Rolled and Tubular segments. The Mini Mill segment uses a moving average costing method to account for semi-finished and finished products and FIFO to account for raw materials. FIFO is the predominant method used by the USSE segment. The LIFO method of inventory costing was used on 53 percent and 43 percent of consolidated inventories at December 31, 2023, and 2022, respectively.

Derivative instruments
From time to time, U. S. Steel may use fixed price forward physical purchase contracts to partially manage our exposure to price risk. Generally, forward physical purchase contracts qualify for the normal purchase normal sales exclusion in Accounting Standards Codification (ASC) 815, *Derivatives and Hedging*, and are not subject to mark-to-market accounting. U. S. Steel also uses derivatives such as commodity-based financial swaps and foreign currency exchange forward contracts to manage its exposure to purchase and sale price fluctuations and foreign currency exchange rate risk. The USSE and Flat-Rolled segments elect hedge accounting for some of their derivatives. Under hedge accounting, fluctuations in the value of the derivative are recognized in Accumulated other comprehensive (loss) income (AOCI) until the associated underlying is recognized in earnings. When the associated underlying is recognized in earnings, the value of the derivative is reclassified to earnings from AOCI. The Mini Mill segment has not elected hedge accounting. Therefore, the changes in fair value of the Mini Mill segment's foreign exchange forwards, as well as fair value changes for other derivatives where hedge accounting has not been elected, are recognized immediately in earnings. 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. See Note 16 for further details on U. S. Steel’s derivatives.

Property, plant and equipment
Property, plant and equipment is carried at cost less accumulated depreciation and is depreciated on a straight-line basis over the estimated useful lives of the assets.

Depletion of mineral properties is based on rates which are expected to amortize cost over the estimated tonnage of minerals to be removed.

When property, plant and equipment is sold or otherwise disposed of, any gains or losses are reflected in income. If a loss on disposal is expected, such losses are recognized when the assets are reclassified as assets held for sale or when impaired as part of an asset group’s impairment.

Asset Impairment
U. S. Steel evaluates impairment of its property, plant and equipment whenever circumstances indicate that the carrying value may not be recoverable. We evaluate the impairment of long-lived assets at the asset group level. Our asset groups are flat-rolled, mini mill, welded tubular, seamless tubular and USSE. Asset impairments are recognized when the carrying value of an asset group exceeds its recoverable amount as determined by the asset group's aggregate projected undiscounted cash flows.

In the fourth quarter 2023, the Company recognized charges of approximately $123 million for impairment of indefinitely idled iron and steel making assets at Granite City Works. Impairment charges of approximately $151 million and $128 million were recognized for the write-off of iron making and steel making assets at Great Lakes Works in 2022 and 2021, respectively. The coil finishing processes at Granite City Works and Great Lakes Works continue to operate and remain components of the Company's operating plans. In 2021, there were additional impairments of $88 million and $56 million for equipment at Gary Works related to steel production intended for petroleum conveying pipe and the transfer of endless casting and rolling equipment from Mon Valley Works to BR2, respectively.

There were no other triggering events that required an impairment evaluation of our long-lived asset groups during the years-ended December 31, 2023, 2022, and 2021.

Goodwill and identifiable intangible assets

Goodwill represents the excess of the cost over the fair value of acquired identifiable tangible and intangible assets and liabilities assumed from businesses acquired. Goodwill and intangible assets deemed to have indefinite lives are not amortized, but are subject to impairment testing annually, or more frequently if events or changes in circumstances indicate the asset might be impaired. We perform our annual goodwill impairment test as of October 1 and monitor for interim triggering events on an ongoing basis.

We review goodwill for impairment utilizing either a qualitative assessment or a quantitative goodwill impairment test. If we choose to perform a qualitative assessment and we determine that the fair value of the reporting unit more likely than not exceeds the carrying value, no further evaluation is necessary. For reporting units where we perform the quantitative goodwill impairment test, we compare the fair value of each reporting unit, which we primarily determine using an income approach based on the present value of discounted cash flows, to the respective carrying value, which includes goodwill.

If the fair value of the reporting unit exceeds its carrying value, we do not consider the goodwill impaired. If the carrying value is higher than the fair value, we recognize the difference as an impairment loss.

A quantitative goodwill impairment testing process requires valuation of the respective reporting unit, which we primarily determine using an income approach based on a discounted cash flow forecast covering discrete periods of time including a terminal value. We compute the terminal value using the constant growth method, which values the forecasted cash flows in perpetuity. The assumptions about future cash flows and growth rates are based on the respective reporting unit's long-term forecast and are subject to review and approval by senior management. A reporting unit's discount rate is a significant assumption and is a risk-adjusted weighted average cost of capital, which we believe approximates the rate from a market participant's perspective. The estimated fair value could be impacted by changes in market conditions, interest rates, growth rates, tax rates, costs, pricing and capital expenditures. We categorize the fair value determination as Level 3 in the fair value hierarchy due to its use of internal projections and unobservable measurement inputs.

Our Mini Mill reporting unit holds the goodwill recognized as a result of the Company's acquisition of Big River Steel and currently is our only reporting unit that has a significant amount of goodwill. This goodwill is primarily attributable to Big River Steel's operational abilities, workforce and the anticipated benefits from their recent expansion. U. S. Steel completed its annual goodwill impairment test using a qualitative assessment during the fourth quarter of 2023 and determined there was no impairment of goodwill.

Intangible assets with indefinite lives are also subject to at least annual impairment testing, which compares the fair value of the intangible assets with their carrying amounts. U. S. Steel has determined that certain of its acquired intangible assets have indefinite useful lives. These assets are also reviewed for impairment annually in the fourth quarter and whenever events or circumstances indicate the carrying value may not be recoverable. U. S. Steel completed its annual evaluation of its indefinite-lived water rights using a qualitative assessment and determined there was no indication of impairment.

Finite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives and are tested for impairment when events occur that indicate that the net book value will not be recovered over future cash flows.

Environmental remediation

Environmental expenditures are capitalized if the costs mitigate or prevent future contamination or if the costs improve existing assets' environmental safety or efficiency. U. S. Steel provides for remediation costs and penalties when the responsibility to remediate is probable and the amount of associated costs is reasonably estimable. The timing of remediation accruals typically coincides with completion of studies defining the scope of work to be undertaken or when it is probable that a formal plan of action will be approved by the oversight agency. Remediation liabilities are accrued based on estimates of believed environmental exposure and are discounted if the amount and timing of the cash disbursements are readily determinable.

Asset retirement obligations

Asset retirement obligations (AROs) are initially recorded at fair value and are capitalized as part of the cost of the related long-lived asset and depreciated in accordance with U. S. Steel's depreciation policies for property, plant and equipment. The fair value of the obligation is determined as the discounted value of expected future cash flows. Accretion expense is recorded each month to increase this discounted obligation over time. Certain AROs related to disposal costs of the majority of assets at our integrated steel facilities are not recorded because they have an indeterminate settlement date. These AROs will be initially recognized in the period in which sufficient information exists to estimate their fair value. See Note 19 for further details on U. S. Steel's AROs.

Pensions and other post-employment benefits

U. S. Steel has defined contribution plans or multiemployer arrangements for pension benefits for approximately 85 percent of its employees in the United States and defined benefit pension plans covering the remaining employees. For hires before January 1, 2016, U. S. Steel has defined benefit retiree health care and life insurance plans (Other Benefits) that cover its represented employees in North America upon their retirement. Government-sponsored programs into which U. S. Steel makes required contributions cover U. S. Steel's European employees. For more details regarding pension and other post-employment benefits see Note 18 of the Consolidated Financial Statements.

The pension and Other Benefits obligations and the related net periodic benefit costs are based on, among other things, assumptions regarding the discount rate, estimated return on plan assets, salary increases, the projected mortality of participants and the current level and future escalation of health care costs. Additionally, U. S. Steel recognizes an obligation to provide post-employment benefits for disability-related claims covering indemnity and medical payments for certain employees in North America. The obligation for these claims and the related periodic costs are measured using actuarial techniques and assumptions. Actuarial gains and losses occur when actual experience differs from any of the many assumptions used to value the benefit plans, or when assumptions change. For pension and Other Benefits, the Company recognizes into income on an annual basis a portion of unrecognized actuarial net gains or losses that exceed 10 percent of the larger of projected benefit obligations or plan assets (the corridor). These unrecognized amounts in excess of the corridor are amortized over the plan participants' average life expectancy or average future service, depending on the demographics of the plan. Unrecognized actuarial net gains and losses for disability-related claims are immediately recognized into income.

Deferred taxes

Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. The realization of deferred tax assets is assessed quarterly based on several interrelated factors. These factors include U. S. Steel's expectation to generate sufficient future taxable income and the projected time period over which these deferred tax assets will be realized. U. S. Steel records a valuation allowance when necessary to reduce deferred tax assets to the amount that will more likely than not be realized. See Note 11 for further details of deferred taxes.

2. New Accounting Standards

During the year ended December 31, 2023, there were no new accounting standards and interpretations issued which are expected to have a material impact on the Company's financial position, operations or cash flows.

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2023-09, *Improvements to Income Tax Disclosures* (ASU 2023-09). ASU 2023-09 includes requirements that an entity disclose specific categories in the rate reconciliation and provide additional information for reconciling items that are greater than five percent of the amount computed by multiplying pretax income (or loss) by the applicable statutory income tax rate. The standard also requires that entities disclose income (or loss) from continuing operations before income tax expense (or benefit) and income tax expense (or benefit) each disaggregated between domestic and foreign. ASU 2023-09 is effective for annual periods beginning after December 15, 2024. U. S. Steel is currently assessing the impact of ASU 2023-09 on its disclosures.

In November 2023, the FASB issued Accounting Standards Update 2023-07, *Improvements to Reportable Segment Disclosures* (ASU 2023-07). ASU 2023-07 includes requirements that an entity disclose the title of the chief operating decision maker (CODM) and on an interim and annual basis, significant segment expenses and the composition of other segment items for each segment's reported profit. The standard also permits disclosure of additional measures of segment profit. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. U. S. Steel is currently assessing the impact of ASU 2023-07 on its disclosures.

3. Recently Adopted Accounting Standards

In September 2022, the FASB issued Accounting Standards Update 2022-04, *Disclosure of Supplier Finance Program Obligations* (ASU 2022-04). ASU 2022-04 requires that an entity disclose certain information about supplier finance programs used in connection with the purchase of goods and services. ASU 2022-04 is effective for all entities with fiscal years beginning after December 15, 2022, and interim periods within those fiscal years, except for the amendment on roll-forward information, which is effective for fiscal years beginning after December 15, 2023. U. S. Steel adopted this guidance effective January 1, 2023, with the exception of the amendment on roll-forward information, which will be adopted in our fiscal year beginning on January 1, 2024.

The Company has a SCF arrangement with a third-party administrator which allows participating suppliers, at their sole discretion, to make offers to sell payment obligations of the Company prior to their scheduled due dates at a discounted price to a participating financial institution. The third-party administrator entered into a separate agreement with the Export Import Bank of the United States to guarantee 90 percent of supplier obligations sold for up to $200 million. No guarantees or collateral are provided by the Company or any of its subsidiaries under the SCF program, and the Company does not benefit from any preferential payment terms or discounts as a result of supplier participation.

The Company's goal is to capture overall supplier savings and improve working capital efficiency. The agreements facilitate the suppliers' ability to sell payment obligations, while providing them with greater working capital flexibility. The Company has no economic interest in the sale of the suppliers' receivables and no direct financial relationship with the financial institution concerning these services. The Company's obligations to its suppliers, including amounts due and scheduled payment dates, are not impacted by suppliers' decisions to sell amounts under the arrangements. The SCF program requires the Company to pay the third-party administrator the stated amount of the confirmed participating supplier invoices. The payment terms for confirmed invoices range from 75 to 90 days after the end of the month in which the invoice was issued.

The underlying costs from suppliers that elected to participate in the SCF program are generally recorded in cost of sales in the Company's Consolidated Statement of Operations. Amounts due to suppliers who participate in the SCF program are reflected in accounts payable and accrued expenses on the Company's Consolidated Balance Sheet and payments on the obligations by our suppliers are included in cash used in operating activities in the Consolidated Statement of

Cash Flows. As of December 31, 2023, accounts payable and accrued expenses included $84 million of outstanding payment obligations which suppliers elected to sell to participating financial institutions.

In October 2021, the FASB issued Accounting Standards Update 2021-08, *Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* (ASU 2021-08). ASU 2021-08 requires that an entity recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606, *Revenue from Contracts with Customers*. ASU 2021-08 is effective for public companies with fiscal years beginning after December 15, 2022, and interim periods within those fiscal years, with early adoption of all amendments in the same period permitted. U. S. Steel adopted this guidance effective January 1, 2023, and will apply it to any future business combinations.

In August 2020, the FASB issued Accounting Standards Update 2020-06, *Accounting for Convertible Instruments and Contracts in an Entity's Own Equity* (ASU 2020-06). ASU 2020-06 simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity. ASU 2020-06 also requires entities to provide expanded disclosures about the terms and features of convertible instruments and amends certain guidance in ASC 260 on the computation of earnings per share (EPS) for convertible instruments and contracts on an entity's own equity. The update requires entities to use the If-Converted Method for calculating diluted EPS, retiring the previous alternative calculation of the Treasury Stock Method for calculating diluted EPS for convertible instruments.

U. S. Steel has adopted this guidance using the modified retrospective implementation method as of January 1, 2022. The cumulative effect of the changes made to our consolidated January 1, 2022, balance sheet for the adoption of ASU 2020-06 was as follows:

(in millions)	**Balance as of December 31, 2021**	**Adjustments due to ASU 2020-06**	**Balance as of January 1, 2022**
Consolidated Balance Sheet			
Assets			
Deferred income tax benefits	$32	$4	$36
Liabilities			
Long-term debt, less unamortized discount and debt issuance costs	$3,863	$74	$3,937
Deferred income tax liabilities	$122	$(15)	$107
Equity			
Additional paid-in capital	$5,199	$(78)	$5,121
Retained Earnings	$3,534	$22	$3,556

In November 2021, the FASB issued Accounting Standards Update 2021-10, *Disclosures by Business Entities about Government Assistance* (ASU 2021-10). ASU 2021-10 provides expanded disclosure requirements for business entities that account for a transaction with a government by applying a grant or contribution accounting model by analogy. The Company adopted this guidance effective January 1, 2022. The adoption of this guidance did not have a material impact on the Company's Consolidated Financial Statements.

4. Segment Information

U. S. Steel has four reportable segments: North American Flat-Rolled, Mini Mill, USSE and Tubular Products. The results of our real estate business, the previously held equity method investment in Big River Steel, and of our former railroad businesses are combined and disclosed in the Other category. The majority of U. S. Steel's customers are located in North America and Europe. No single customer accounted for more than 10 percent of gross annual revenues.

The Flat-Rolled segment includes the operating results of U. S. Steel's integrated steel plants and equity investees in the United States involved in the production of slabs, strip mill plates, sheets and tin mill products, as well as all pig iron, iron ore and coke production facilities in the United States. These operations primarily serve North American customers in the service center, conversion, transportation (including automotive), construction, container and appliance and electrical markets.

The Mini Mill segment reflects the acquisition of Big River Steel after the purchase of the remaining equity interest on January 15, 2021, (see Note 5 for further details) and BR2 facility, which is under construction in Osceola, Arkansas. The Mini Mill segment includes the operating results of U. S. Steel's two electric arc furnace steel plant in Osceola, Arkansas involved in the production of sheets and electrical products. These operations primarily serve North American customers in the service center, conversion, transportation (including automotive), construction, container and appliance and electrical markets.

The USSE segment includes the operating results of USSK, U. S. Steel’s integrated steel plant and coke production facilities in Slovakia, and its subsidiaries. USSE conducts its business mainly in Central and Western Europe and primarily serves customers in the European transportation (including automotive), construction, container, appliance, electrical, service center, conversion and oil, gas and petrochemical markets. USSE produces and sells slabs, strip mill plate, sheet, tin mill products and spiral welded pipe.

The Tubular segment includes the operating results of U. S. Steel’s tubular production facilities and an equity investee in the United States. These operations produce and sell rounds, seamless and electric resistance welded (welded) steel casing and tubing (commonly known as oil country tubular goods or OCTG), standard and line pipe and mechanical tubing and primarily serve customers in the oil, gas and petrochemical markets. The Tubular segment includes the electric arc furnace at our Fairfield Tubular Operations in Fairfield, Alabama.

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

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

The results of segment operations are as follows:

(In millions)	Customer Sales	Intersegment Sales	Net Sales	Earnings from investees	Earnings (loss) before interest and income taxes[a]	Depreciation, depletion & amortization	Capital expenditures
2023							
Flat-Rolled	**$ 10,744**	**$ 365**	**$ 11,109**	**$ 72**	**$ 418**	**$ 605**	**$ 536**
Mini Mill [b]	**2,223**	**455**	**2,678**	**—**	**215**	**168**	**1,899**
USSE	**3,525**	**25**	**3,550**	**—**	**4**	**94**	**109**
Tubular	**1,551**	**1**	**1,552**	**43**	**589**	**49**	**32**
Total reportable segments	**18,043**	**846**	**18,889**	**115**	**1,226**	**916**	**2,576**
Other	**10**	**—**	**10**	**—**	**(3)**	**—**	**—**
Reconciling Items and Eliminations	**—**	**(846)**	**(846)**	**—**	**(424)**	**—**	**—**
Total	**$ 18,053**	**$ —**	**$ 18,053**	**$ 115**	**$ 799**	**$ 916**	**$ 2,576**
2022							
Flat-Rolled	$ 12,522	$ 350	$ 12,872	$ 220	$ 2,008	$ 499	$ 503
Mini Mill [b]	2,681	366	3,047	—	481	158	1,159
USSE	4,243	13	4,256	—	444	85	90
Tubular	1,611	5	1,616	23	544	48	17
Total reportable segments	21,057	734	21,791	243	3,477	790	1,769
Other	8	1	9	—	22	1	—
Reconciling Items and Eliminations	—	(735)	(735)	—	(339)	—	—
Total	$ 21,065	$ —	$ 21,065	$ 243	$ 3,160	$ 791	$ 1,769
2021							
Flat-Rolled	$ 12,180	$ 178	$ 12,358	$ 150	$ 2,685	$ 491	$ 422
Mini Mill [b]	3,008	508	3,516	—	1,206	151	331
USSE	4,262	4	4,266	—	975	98	57
Tubular	789	20	809	14	1	46	51
Total reportable segments	20,239	710	20,949	164	4,867	786	861
Other	36	65	101	6	(11)	5	2
Reconciling Items and Eliminations	—	(775)	(775)	—	90	—	—
Total	$ 20,275	$ —	$ 20,275	$ 170	$ 4,946	$ 791	$ 863

[a] Earnings (loss) before interest and income taxes has been updated for 2022 and 2021 for Flat-Rolled and Reconciling Items and Eliminations. This is the result of a retroactive adjustment for the reclassification of stock-based compensation expense as an item not allocated to segment results. See the schedule of reconciling items to consolidated earnings before interest and income taxes below for further details.

[b] Includes capital expenditures related to BR2 of $1.5 billion, $0.8 billion, and $0.1 billion in 2023, 2022, and 2021, respectively.

A summary of total assets by segment is as follows:

(In millions)	December 31, 2023	2022
Flat-Rolled	**$ 7,546**	$ 7,936
Mini Mill [(a)]	**7,569**	5,787
USSE [(b)]	**2,229**	2,175
Tubular	**1,002**	1,140
Total reportable segments	**$ 18,346**	$ 17,038
Other	**$ 140**	$ 141
Corporate, reconciling items, and eliminations [(b) (c)]	**1,965**	2,279
Total assets	**$ 20,451**	$ 19,458

(a) Includes assets related to BR2 of $3.0 billion and $1.4 billion in 2023 and 2022, respectively.

(b) In the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022, the amounts disclosed for total assets for USSE and Corporate were inadvertently misstated for an intersegment balance. Management determined the disclosure misstatement was not material to the 2022 financial statements. The revised amounts have been included in the table above.

(c) The majority of Corporate, reconciling items, and eliminations total assets is comprised of cash and the elimination of intersegment amounts.

The detail of reconciling items to consolidated earnings before interest and income taxes is as follows:

(In millions)	2023	2022	2021
Items not allocated to segments:			
Restructuring and other charges (Note 25)	**$ (36)**	$ (48)	$ (128)
Stock-based compensation expense (Note 15)	**(51)**	(57)	(55)
Asset impairment charges	**(127)**	(163)	(273)
Environmental remediation charges	**(11)**	(13)	(43)
Strategic alternatives review process costs	**(79)**	—	—
Granite City idling costs	**(121)**	—	—
United Steelworkers labor agreement signing bonus and related costs	**—**	(64)	—
Gains on assets sold & previously held investments	**—**	6	118
Gain on sale of Transtar (Note 5)	**—**	—	506
Other charges, net	**1**	—	(35)
Total reconciling items	**$ (424)**	$ (339)	$ 90

Geographic Area:

The information below summarizes external sales, property, plant and equipment and equity method investments based on the location of the operating segment to which they relate.

(In millions)	Year	External Sales	Assets
North America	**2023**	**$ 14,528**	**$ 10,223** [(a)]
	2022	16,822	8,459 [(a)]
	2021	16,013	7,034 [(a)]
Europe	**2023**	**3,525**	**910**
	2022	4,243	843
	2021	4,262	880
Total	**2023**	**18,053**	**11,133**
	2022	21,065	9,302
	2021	20,275	7,914

(a) Assets with a book value of $10,223 million, $8,459 million, and $7,034 million were located in the United States at December 31, 2023, 2022, and 2021, respectively.

5. Dispositions and Acquisitions

USS-UPI, LLC Disposition

In the fourth quarter of 2023 the Company indefinitely idled its subsidiary in Pittsburg, California, USS-UPI, LLC (“UPI”) which primarily produces galvanized sheet and tin mill products. The Company made payments of approximately $13 million of exit costs and employee benefits during the fourth quarter 2023. As of December 31, 2023, the Company had remaining accrued liabilities that totaled $108 million for severance, exit costs and employee benefits.

Transtar Disposition
On July 28, 2021, U. S. Steel completed the sale of 100 percent of its equity interests in its wholly-owned short-line railroad, Transtar, LLC (Transtar) to an affiliate of Fortress Transportation and Infrastructure Investors, LLC. The Company received net cash proceeds of $627 million, subject to certain customary adjustments as set forth in the Membership Interest Purchase Agreement, and recognized a pretax gain of approximately $506 million in 2021. In connection with the closing of the transaction, the Company entered into certain ancillary agreements including a railway services agreement, providing for continued rail services for its Gary Works and Mon Valley Works facilities, and a transition services agreement. Because Transtar does not represent a significant component of U. S. Steel's business and does not constitute a reportable business segment, its results through the date of disposition are reported in the Other category. See Note 4 for further details.

Big River Steel Acquisition
On January 15, 2021, U. S. Steel purchased the remaining equity interest in Big River Steel for approximately $625 million in cash net of $36 million and $62 million in cash and restricted cash received, respectively, and the assumption of liabilities of approximately $50 million. There were acquisition related costs of approximately $9 million during the twelve months ended December 31, 2021.

Prior to the closing of the acquisition on January 15, 2021, U. S. Steel accounted for its 49.9% equity interest in Big River Steel under the equity method as control and risk of loss were shared among the joint venture members. Using step acquisition accounting the Company increased the value of its previously held equity investment to its fair value of $770 million which resulted in a gain of approximately $111 million. The fair value of the previously held equity investment was determined using Level 3 valuation techniques, including the significant factors and assumptions used to value Big River Steel disclosed below. The gain was recorded in gain on equity investee transactions in the Consolidated Statement of Operations.

The acquisition has been accounted for in accordance with ASC 805, *Business combinations*. There were step-ups to fair value of approximately $308 million, $194 million and $24 million for property, plant and equipment, debt and inventory, respectively. An intangible asset for customer relationships and goodwill of approximately $413 million and $916 million were also recorded, respectively. Goodwill represents the excess of purchase price over the fair market value of the net assets. Goodwill is primarily attributable to Big River Steel's operational abilities, workforce and the anticipated benefits from their recent expansion and is expected to be tax deductible. The inventory step-up was fully amortized as of March 31, 2021, the intangible asset will be amortized over a 22-year period, and the debt step-up will be amortized over the contractual life of the underlying debt.

The value of Big River Steel was determined using Level 3 valuation techniques. Level 3 valuation techniques include inputs to the valuation methodology that are considered unobservable and significant to the fair value measurement. A significant factor in determining the equity value was the discounted forecasted cash flows of Big River Steel. Forecasted cash flows are primarily impacted by the forecasted market price of steel and metallic inputs as well as the expected timing of significant capital expenditures. The model utilized a risk adjusted discount rate of 11.0% and a terminal growth rate of 2%.

The following table presents the allocation of the aggregate purchase price based on estimated fair values:

		(in millions)
Assets Acquired:		
Receivables	$	166
Receivables with U. S. Steel [(1)]		99
Inventories		184
Other current assets		16
Property, plant and equipment		2,188
Intangibles		413
Goodwill		916
Other noncurrent assets		19
Total Assets Acquired	$	4,001

Liabilities Assumed:		
Accounts payable and accrued liabilities	$	224
Payroll and benefits payable		27
Accrued taxes		9
Accrued interest		33
Short-term debt and current maturities of long-term debt		29
Long-term debt		1,997
Deferred income tax liabilities		26
Deferred credits and other long-term liabilities		211
Total Liabilities Assumed	$	2,556
Fair value of previously held investment in Big River Steel	$	770
Purchase price, including assumed liabilities and net of cash acquired		675
Difference in assets acquired and liabilities assumed	$	1,445

(1) The transaction to purchase Big River Steel included receivables for payments made by Big River Steel on behalf of U. S. Steel for retention bonuses of $22 million that impacted the previously held equity investment and for U. S. Steel liabilities assumed in the purchase of approximately $50 million. In addition, there were assumed receivables of approximately $27 million for steel substrate sales from Big River Steel to U. S. Steel. The receivables with U. S. Steel eliminate in consolidation with offsetting intercompany payables from U. S. Steel.

The following unaudited pro forma information for U. S. Steel includes the results of the Big River Steel acquisition as if it had been consummated on January 1, 2020. The pro forma information does not include any anticipated cost savings or other effects of the integration of Big River Steel. Accordingly, the unaudited pro forma information does not necessarily reflect the actual results that would have occurred, nor is it necessarily indicative of future results of operations.

	Year Ended December 31,	
(in millions)	**2021**	
Net sales	$	20,347
Net earnings (loss)	$	4,103

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 real estate sales. Generally, U. S. Steel's performance obligations are satisfied and revenue is recognized 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 to the related good being shipped 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 disaggregates our revenue by product for each of our reportable business segments for the years ended December 31, 2023, 2022, and 2021, respectively (Net Sales by Product, in millions, excluding intersegment sales):

Year Ended December 31, 2023	Flat-Rolled	Mini Mill	USSE	Tubular	Other	Total
Semi-finished	$ 242	$ —	$ 168	$ —	$ —	$ 410
Hot-rolled sheets	1,926	1,215	1,637	—	—	4,778
Cold-rolled sheets	3,568	365	269	—	—	4,202
Coated sheets	3,484	639	1,278	—	—	5,401
Tubular products	—	—	52	1,528	—	1,580
All other [(a)]	1,524	4	121	23	10	1,682
Total	**$ 10,744**	**$ 2,223**	**$ 3,525**	**$ 1,551**	**$ 10**	**$ 18,053**

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

Year Ended December 31, 2022	Flat-Rolled	Mini Mill [b]	USSE	Tubular	Other	Total
Semi-finished	$ 193	$ —	$ 103	$ —	$ —	$ 296
Hot-rolled sheets	2,338	1,570	1,919	—	—	5,827
Cold-rolled sheets	3,898	356	385	—	—	4,639
Coated sheets	4,461	745	1,622	—	—	6,828
Tubular products	—	—	68	1,594	—	1,662
All other [a]	1,632	10	146	17	8	1,813
Total	$ 12,522	$ 2,681	$ 4,243	$ 1,611	$ 8	$ 21,065

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

Year Ended December 31, 2021	Flat-Rolled	Mini Mill [b]	USSE	Tubular	Other	Total
Semi-finished	$ 12	$ —	$ 126	$ —	$ —	$ 138
Hot-rolled sheets	2,592	1,744	2,149	—	—	6,485
Cold-rolled sheets	3,785	526	448	—	—	4,759
Coated sheets	4,408	732	1,376	—	—	6,516
Tubular products	—	—	58	781	—	839
All other [a]	1,383	6	105	8	36	1,538
Total	$ 12,180	$ 3,008	$ 4,262	$ 789	$ 36	$ 20,275

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

[b] Mini Mill segment added after January 15, 2021 with the purchase of the remaining equity interest in Big River Steel.

7. Net Interest and Other Financial Costs

(In millions)	**2023**	**2022**	**2021**
Interest income:			
Interest income	**$ (141)**	$ (44)	$ (4)
Interest expense and other financial costs:			
Interest incurred	**234**	218	342
Less interest capitalized	**162**	59	29
Total interest expense	**72**	159	313
Loss on debt extinguishment [a]	**—**	—	292
Net periodic benefit income	**(154)**	(246)	(45)
Net gain from investments related to active employee benefits	**(43)**	—	—
Foreign currency net (gain) loss [b]	**(5)**	11	17
Financial costs on:			
Amended Credit Agreement	**5**	5	6
USSK Credit Facility	**4**	3	4
Other	**5**	4	5
Amortization of discounts and deferred financing costs	**9**	9	14
Total other financial costs (benefits)	**18**	32	46
Net interest and other financial (benefits) costs	**$ (248)**	$ (99)	$ 602

[a] Represents a net pretax charge of $292 million during 2021 related to the repayments of the Export-Import Credit Agreement, 2025 Senior Secured Notes, 2025 Senior Notes, 2026 Senior Notes, 2029 Senior Secured Notes, Credit Facility Agreement and Environmental Revenue Bonds.

[b] The functional currency for USSE is the euro. Foreign currency net loss (gain) is a result of transactions denominated in currencies other than the euro.

8. Earnings and Dividends Per Common Share

Earnings per Share Attributable to United States Steel Corporation Stockholders

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

Diluted earnings per common share assumes the exercise of stock options, the vesting of restricted stock units and performance awards, provided in each case the effect is dilutive. In 2023 and 2022, the "if-converted" method is used to calculate the dilutive effect of the Senior Convertible Notes due in 2026 as a result of ASU 2020-06. In 2021, the "treasury stock" method was used to calculate the dilutive effect of the Senior Convertible Notes due in 2026 (due to our intent and policy, among other factors, to settle the principal amount of the 2026 Senior Convertible Notes in cash upon conversion).

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

(Dollars in millions, except per share amounts)	2023	2022	2021
Net earnings attributable to United States Steel Corporation stockholders			
Basic	**$ 895**	$ 2,524	$ 4,174
Interest expense on Senior Convertible Notes, net of tax	**13**	13	—
Diluted	**$ 908**	$ 2,537	$ 4,174
Weighted-average shares outstanding (in thousands):			
Basic	**224,761**	246,986	264,667
Effect of Senior Convertible notes	**26,194**	26,194	11,126
Effect of stock options, restricted stock units and performance awards	**4,405**	3,783	4,651
Diluted	**255,360**	276,963	280,444
Net earnings per share attributable to United States Steel Corporation stockholders:			
Basic	**$ 3.98**	$ 10.22	$ 15.77
Diluted	**$ 3.56**	$ 9.16	$ 14.88

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

(In thousands)	2023	2022	2021
Securities granted under the 2016 Omnibus Incentive Compensation Plan, as amended and restated	**475**	960	1,185

Dividends Paid per Share
Quarterly dividends on common stock were five cents per share for each quarter in 2023 and 2022. Quarterly dividends on common stock were one cent per share in the first, second and third quarters of 2021 and five cents per share in the fourth quarter of 2021.

9. Cash, Cash Equivalents and Restricted Cash

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

	December 31,		
(In millions)	2023	2022	2021
Cash and cash equivalents	**$ 2,948**	$ 3,504	$ 2,522
Restricted cash in other current assets	**8**	4	2
Long-term restricted cash	**32**	31	76
Total cash, cash equivalents and restricted cash	**$ 2,988**	$ 3,539	$ 2,600

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

10. Inventories

(In millions)	December 31, 2023	December 31, 2022
Raw materials	**$ 773**	$ 1,098
Semi-finished products	**877**	811
Finished products	**428**	398
Supplies and sundry items	**50**	52
Total	**$ 2,128**	$ 2,359

Current acquisition costs for LIFO inventories were estimated to exceed the above inventory values by $1.2 billion at both December 31, 2023 and December 31, 2022. As a result of the liquidation of LIFO inventories, cost of sales decreased and earnings before interest and income taxes increased by $43 million, $44 million, and $11 million in 2023, 2022, and 2021, respectively.

11. Income Taxes

Components of earnings before income taxes:

(In millions)	2023	2022	2021
United States	**$ 1,041**	$ 2,847	$ 3,400
Foreign	**6**	412	944
Earnings before income taxes	**$ 1,047**	$ 3,259	$ 4,344

At the end of 2023, 2022, and 2021, U. S. Steel does not have any undistributed foreign earnings and profits for which U.S. deferred taxes have not been provided.

Income tax provision (benefit):

	2023			2022			2021		
(In millions)	Current	Deferred	Total	Current	Deferred	Total	Current	Deferred	Total
Federal	**$ 56**	**$ 116**	**$ 172**	$ 101	$ 451	$ 552	$ (7)	$ 8	$ 1
State and local	**(3)**	**(14)**	**(17)**	54	43	97	50	(71)	(21)
Foreign	**2**	**(5)**	**(3)**	79	7	86	179	11	190
Total	**$ 55**	**$ 97**	**$ 152**	$ 234	$ 501	$ 735	$ 222	$ (52)	$ 170

A reconciliation of the federal statutory tax rate of 21 percent to total provision follows:

(In millions)	2023	2022	2021
Statutory rate applied to earnings before income taxes	**$ 220**	$ 684	$ 912
Valuation allowance	**(14)**	(38)	(633)
Excess percentage depletion	**(18)**	(48)	(66)
Capital loss generated	**—**	—	(139)
State and local income taxes after federal income tax effects	**(1)**	97	83
Effects of foreign operations	**(3)**	85	191
U.S. impact of foreign operations	**(19)**	6	4
Impact of tax credits	**(7)**	(83)	(173)
Adjustment of prior years' federal income taxes	**(32)**	40	(5)
Nondeductible executive compensation	**16**	6	3
Other	**10**	(14)	(7)
Total provision	**$ 152**	$ 735	$ 170

Included in the 2023 provision is a benefit of $43 million related to the 2022 federal and state income tax returns, as well as an additional benefit of $12 million related to the adjustment of prior years' federal income taxes. Also included in the 2023 provision is a benefit of $23 million related to the recognition of a deferred tax asset on unrecognized currency losses in branch operations pursuant to proposed regulations under Internal Revenue Code Section 987.

In March 2022, the Company and the Arkansas Economic Development Commission entered into the Recycling Tax Credit Incentive Agreement, whereby the Company may earn state income tax credits in an amount equal to 30 percent of the cost of waste reduction, reuse, or recycling equipment, subject to meeting the requirements of the Arkansas Code Ann. Section 26-51-506, for BR2 which is currently under construction near Osceola, Arkansas. Documentation supporting the Company's investment in qualifying equipment must be submitted as part of an application for certification expected to be completed on or before 2025. In March 2022, the Company received a lump-sum payment of approximately $82 million as proceeds from the sale of a portion of expected future tax credits to be earned by the Company (see Note 26 for additional information). The Company estimates that it could earn tax credits in excess of $700 million, exclusive of the amount sold in March 2022, which the Company will recognize in the year the assets are placed into service and meet the requirements of Arkansas Code Ann. Section 26-51-506. Any unused tax credit that cannot be claimed in a tax year may be carried forward indefinitely by the Company and applied to its future state tax liability.

On August 16, 2022, H.R. 5376 (commonly called the Inflation Reduction Act of 2022) was signed into law, which, among other things, implemented a corporate alternative minimum tax (CAMT) of 15 percent on net book income of certain large corporations adjusted for certain items prescribed by the legislation. The tax provision in 2023 reflects the impact of CAMT, which is not material to the Consolidated Financial Statements.

Included in the 2021 provision is a benefit of $715 million related to the reversal of a portion of the valuation allowance recorded against the Company's net domestic deferred tax asset, partially offset by the addition of a valuation allowance of $82 million, the majority of which relates to an unused capital loss carryforward.

Deferred taxes

Deferred tax assets and liabilities resulted from the following:

	December 31,	
(In millions)	**2023**	**2022**
Deferred tax assets:		
Federal tax loss carryforwards (no expiration)	**$ 1**	$ 1
Federal tax loss carryforwards (expiring in 2037)	**—**	1
Federal capital loss carryforwards (expiring in 2026)	**69**	69
State tax credit carryforwards (expiring in 2024 through 2032)	**14**	10
State tax loss carryforwards (expiring in 2025 through 2043)	**80**	77
State capital loss carryforwards (expiring in 2026 through 2036)	**23**	28
Foreign tax loss and credit carryforwards (expiring in 2027 through 2028)	**8**	67
Contingencies and accrued liabilities	**—**	64
Operating lease liabilities	**28**	37
Capitalized research and development	**69**	35
Receivables, payables and debt	**140**	13
Inventory	**57**	14
Other temporary differences	**41**	53
Valuation allowance	**(101)**	(119)
Total deferred tax assets	**$ 429**	$ 350
Deferred tax liabilities:		
Property, plant and equipment	**$ 642**	$ 589
Operating right-of-use assets	**26**	35
Investments in subsidiaries and equity investees	**184**	141
Employee benefits	**72**	31
Contingencies and accrued liabilities	**73**	—
Total deferred tax liabilities	**$ 997**	$ 796
Net deferred tax liability	**$ (568)**	$ (446)

U. S. Steel recognizes deferred tax assets and liabilities for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. The realization of deferred tax assets is assessed quarterly based on several interrelated factors. These factors include U. S. Steel's expectation to generate sufficient future taxable income and the projected time period over which these deferred tax assets will be realized.

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

At June 30, 2021, U. S. Steel determined, based upon weighing all positive and negative evidence, that a full valuation allowance for the domestic deferred tax assets was no longer required. Accordingly, we reversed all of the domestic valuation allowance except for a portion of the domestic valuation allowance related to certain state net operating losses and state tax credits.

During the year ended December 31, 2021, U. S. Steel realized a non-cash net benefit of $715 million related to the valuation allowance release, which was partially offset by the addition of a valuation allowance of $82 million, the majority of which relates to an unused capital loss generated in the fourth quarter of 2021.

At December 31, 2023, the net domestic deferred tax liability was $566 million, net of an established valuation allowance of $98 million. At December 31, 2022, the net domestic deferred tax liability was $437 million, net of an established valuation allowance of $116 million.

At December 31, 2023, the net foreign deferred tax liability was $2 million, net of an established valuation allowance of $3 million. At December 31, 2022, the net foreign deferred tax liability was $9 million, net of an established valuation allowance of $3 million. The net foreign deferred tax asset will fluctuate as the value of the U.S. dollar changes with respect to the euro.

U. S. Steel will continue to monitor the realizability of its deferred tax assets on a quarterly basis. In the future, if we determine that realization is more likely than not for a deferred tax asset with a valuation allowance, the related valuation allowance will be reduced, and we will record a non-cash benefit to earnings.

Unrecognized tax benefits
Unrecognized tax benefits are the differences between a tax position taken, or expected to be taken, in a tax return and the benefit recognized for accounting purposes pursuant to the guidance in ASC Topic 740 on income taxes. The total amount of unrecognized tax benefits was $4 million, $2 million, and $3 million as of December 31, 2023, 2022, and 2021, respectively.

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was $4 million and $2 million as of December 31, 2023, and 2022, respectively.

U. S. Steel records interest related to uncertain tax positions as a part of net interest and other financial costs in the Consolidated Statements of Operations. Any penalties are recognized as part of selling, general and administrative expenses. U. S. Steel had accrued liabilities of $2 million for interest and penalties related to uncertain tax positions as of both December 31, 2023, and 2022.

A tabular reconciliation of unrecognized tax benefits follows:

(In millions)	2023	2022	2021
Unrecognized tax benefits, beginning of year	**$ 2**	$ 3	$ 16
Decreases – tax positions taken in prior years	**—**	—	(13)
Increases – current tax positions	**2**	—	—
Lapse of statute of limitations	**—**	(1)	—
Unrecognized tax benefits, end of year	**$ 4**	$ 2	$ 3

Tax years subject to examination
Below is a summary of the tax years open to examination by major tax jurisdiction:

U.S. Federal – 2019 and forward
U.S. States – 2019 and forward
Slovakia – 2012 and forward

Status of Internal Revenue Service (IRS) examinations
The IRS completed its audit of the Company’s 2017-2018 federal consolidated tax returns in 2023.

12. Investments, Long-Term Receivables and Equity Investee Transactions

	December 31,	
(In millions)	2023	2022
Equity method investments	**$ 740**	$ 810
Receivables due after one year, less allowance of $3 and $4	**19**	22
Other	**2**	8
Total	**$ 761**	$ 840

Summarized financial information of all investees accounted for by the equity method of accounting is as follows (amounts represent 100% of investee financial information):

(In millions)	2023	2022	2021
Income data – year ended December 31:			
Net Sales	**$ 3,335**	$ 3,222	$ 2,229
Operating income	**342**	492	376
Net earnings	**319**	462	346
Balance sheet date – December 31:			
Current Assets	**$ 876**	$ 1,085	$ 744
Noncurrent Assets	**844**	974	1,084
Current liabilities	**255**	314	293
Noncurrent Liabilities	**398**	513	529

U. S. Steel's portion of the income (loss) from investees reflected on the Consolidated Statements of Operations was $115 million, $243 million, and $170 million for the years ended December 31, 2023, 2022, and 2021, respectively.

All of our significant investees are located in the U.S. Investees accounted for using the equity method include:

Investee	December 31, 2023 Interest
Chrome Deposit Corporation	50 %
Double G Coatings Company, Inc.	50 %
Hibbing Development Company	24.1 %
Hibbing Taconite Company[a]	14.7 %
Patriot Premium Threading Services, LLC	50 %
PRO-TEC Coating Company, LLC	50 %
Strategic Investment Fund Partners II[b]	5.2 %

(a) Hibbing Taconite Company (Hibbing) is an unincorporated joint venture that is owned, in part, by Hibbing Development Company (HDC), which is accounted for using the equity method. Through HDC we are able to influence the activities of HTC, and as such, its activities are accounted for using the equity method.

(b) Strategic Investment Fund Partners II is a limited partnership and in accordance with ASC Topic 323, the financial activities are accounted for using the equity method.

In 2022, the Company recognized pre-tax gains on equity investee transactions of approximately $6 million from Worthington Specialty Processing pertaining to the sale of the former joint venture's facilities and subsequent distribution to the investors. The joint venture was dissolved in 2023 resulting in an immaterial distribution to the Company.

Dividends or partnership distributions received from equity investees were $114 million, $28 million and $2 million in 2023, 2022 and 2021 respectively.

U. S. Steel evaluates impairment of its equity method investments whenever circumstances indicate that a decline in value below carrying value is other than temporary. Under these circumstances, we would adjust the investment down to its estimated fair value, which then becomes its new carrying value.

We supply substrate to certain of our equity method investees and from time to time will extend the payment terms for their trade receivables. For discussion of transactions and related receivable and payable balances between U. S. Steel and its investees, see Note 23.

13. Property, Plant and Equipment

(In millions)	Useful Lives	December 31, 2023	2022
Land and depletable property	—	**$ 216**	$ 210
Buildings	35-40 years	**1,854**	1,530
Machinery and equipment			
Steel producing	2-30 years	**16,806**	15,900
Other	5-30 years	**97**	95
Information technology	5-15 years	**829**	805
Assets under finance lease	5-15 years	**302**	212
Construction in process	—	**3,871**	2,470
Total		**23,975**	21,222
Less accumulated depreciation and depletion		**13,582**	12,730
Net		**$ 10,393**	$ 8,492

Amounts in accumulated depreciation and depletion for assets acquired under finance leases were $126 million and $86 million at December 31, 2023, and 2022, respectively.

14. Goodwill and Intangible Assets

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

		As of December 31, 2023			As of December 31, 2022		
(In millions)	Useful Lives	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Customer relationships	22 Years	**$ 413**	**$ 56**	**$ 357**	$ 413	$ 37	$ 376
Patents	5-15 Years	**17**	**13**	**4**	17	12	5
Energy Contract	2 Years	**54**	**54**	**—**	54	32	22
Total amortizable intangible assets		**$ 484**	**$ 123**	**$ 361**	$ 484	$ 81	$ 403

Amortization expense was $42 million for both years ending December 31, 2023, and 2022. We expect approximately $98 million in total amortization expense from 2024 through 2028 and approximately $263 million in remaining amortization expense thereafter.

The carrying amount of acquired water rights with indefinite lives as of December 31, 2023, and December 31, 2022, totaled $75 million.

Below is a summary of goodwill by segment for the twelve months ended December 31, 2023:

(In millions)	Flat-Rolled	Mini Mill	USSE	Tubular	Total
Balance at December 31, 2022	$ —	$ 916	$ 4	$ —	$ 920
Additions	—	—	—	—	—
Balance at December 31, 2023	**$ —**	**$ 916**	**$ 4**	**$ —**	**$ 920**

15. 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), or its designee, under the 2005 Stock Incentive Plan (the 2005 Plan) and the 2016 Omnibus Incentive Compensation Plan, as amended and restated (the Omnibus Plan) (collectively the Plans). 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, an additional 4,700,000 shares under the Omnibus Plan on April 28, 2020, and an additional 14,500,000 shares under the Omnibus Plan on April 27, 2021. While awards that were previously granted under the 2005 Plan remain outstanding, all future awards will be granted under the Omnibus Plan. As of December 31, 2023, there were 4,695,672 shares available for future grants under the Omnibus Plan.

Generally, a share issued under the Omnibus Plan pursuant to an award other than a stock option will reduce the number of shares available under the Stock Plan by 1.78 shares. Shares related to awards under either plan (i) that are forfeited, (ii) that terminate without shares having been issued or (iii) for which payment is made in cash or property other than shares, are again available for awards under the Omnibus Plan. Shares delivered to U. S. Steel or withheld for purposes of satisfying the exercise price or tax withholding obligations are not available for future awards. The purpose of the Plans is to attract, reward and retain employees and non-employee directors who create long-term value for our stockholders by delivering on objectives that support our long-term strategy. The Committee administers the Plans, and under the Omnibus Plan may make grants of stock options, restricted stock units (RSUs), performance awards, and other stock-based awards.

The following table summarizes the total stock-based compensation awards granted during the years 2023, 2022, and 2021:

	Stock Options	Restricted Stock Units	TSR Performance Awards	ROCE Performance Awards	Performance-Based Restricted Stock Units
2023	**—**	**2,126,020**	**185,120**	**357,020**	**—**
2022	—	1,249,830	236,520	408,870	83,951
2021	171,000	1,891,481	306,930	485,900	676,954

Stock-based compensation expense
The following table summarizes the total compensation expense recognized for stock-based compensation awards:

(In millions, except per share amounts)	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021
Stock-based compensation expense recognized:			
Cost of sales	**$ 16**	$ 15	$ 14
Selling, general and administrative expenses	**35**	42	41
Total	**51**	57	55
Related deferred income tax benefit [(a)]	**12**	14	14
Decrease in net income	**39**	43	41
Decrease in basic earnings per share	**0.17**	0.18	0.16
Decrease in diluted earnings per share	**0.15**	0.16	0.15

As of December 31, 2023, total future compensation cost related to nonvested stock-based compensation arrangements was $58 million and the average period over which this cost is expected to be recognized is approximately 25 months.

Stock options
Compensation expense for stock options is recorded over the vesting period based on the fair value on the date of grant, as calculated by U. S. Steel using the Black-Scholes model and the assumptions listed below. Awards generally vest ratably over a three-year service period and have a term of ten years. Stock options are generally issued at the average market price of the underlying stock on the date of the grant. Upon exercise of stock options, shares of U. S. Steel stock are issued from treasury stock or from authorized, but unissued common stock. There were 171,000 performance-based stock options granted in 2021. There were no stock options granted in 2023 and 2022.

The 171,000 performance-based stock options granted in December 2021 do not become vested and exercisable until the Company's 20-trading day average closing stock price meets or exceeds the following stock price hurdles during the seven-year period beginning on the grant date, as follows:

20-trading day Average Closing Stock Price Achievement During 7-Year Period Beginning on Grant Date [(a)]	Percentage of Performance-Based Stock Options Exercisable
$ 35.00	33.33 %
$ 45.00	33.33 %
$ 55.00	33.34 %

[(a)] The $35.00 tranche vested in April 2022 and the $45.00 tranche vested in January 2024.

The following table shows a summary of the status and activity of stock options for the year ended December 31, 2023:

	Shares	Weighted-Average Exercise Price (per share)	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at January 1, 2023	1,210,215	$ 26.88		
Granted	—	$ —		
Exercised	(397,854)	$ 24.63		
Forfeited or expired	(52,123)	$ 25.39		
Outstanding at December 31, 2023	760,238	$ 27.98	2.70	$ 16
Exercisable at December 31, 2023	646,238	$ 28.77	2.29	$ 13
Exercisable and expected to vest at December 31, 2023	760,238	$ 27.98	2.70	$ 16

The aggregate intrinsic value in the table above represents the total pretax intrinsic value (difference between our closing stock price on the last trading day of 2023 and the exercise price, multiplied by the number of in-the-money options). Intrinsic value changes are a function of the fair market value of our stock.

The total intrinsic value of stock options exercised (i.e., the difference between the market price at exercise and the price paid by the employee to exercise the option) was $4 million, $5 million, and $3 million during the years ended December 31, 2023, December 31, 2022, and December 31, 2021, respectively. The total amount of cash received by U. S. Steel from the exercise of options was $10 million and $8 million during the years ended December 31, 2023, and December 31, 2022, respectively. The related net tax benefit realized from the exercise of these options was immaterial in 2023 and 2022.

Stock awards

Compensation expense for nonvested stock awards is recorded over the vesting period based on the fair value at the date of grant.

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

Total shareholder return (TSR) performance awards may vest at varying levels at the end of a three-year performance period if U. S. Steel's total shareholder return compared to the total shareholder return of a peer group of companies meets performance criteria during the three-year performance period. TSR is calculated as follows: 20 percent for each year in the three-year performance period and 40 percent for the full three-year period. TSR performance awards may vest and pay out 50 percent at the threshold level, 100 percent at the target level and 200 percent at the maximum level. Payment for performance in between the threshold percentages will be interpolated. The fair value of the performance awards is calculated using a Monte-Carlo simulation.

Performance awards based on the return on capital employed (ROCE) metric were granted in equity in 2023, 2022, and 2021. ROCE awards granted will be measured based on the Company's consolidated worldwide earnings (loss) before interest and income taxes, as adjusted, divided by consolidated worldwide capital employed, as adjusted, over a three year period.

For the 2021 ROCE-based equity awards, ROCE is calculated over the three-year period based on the ROCE achieved in the first, second and third years of the performance period, weighted at 20 percent, 30 percent and 50 percent, respectively. For the 2023 and 2022 ROCE-based equity awards, ROCE is calculated based on the ROCE achieved in the first, second and third years of the performance period, weighted at 20 percent for each year in the three-year performance period and 40 percent for the full three-year period. The ROCE awards will pay out 50 percent at the threshold level, 100 percent at the target level and 200 percent at the maximum level. Payment for performance in between the threshold percentages will be interpolated.

Compensation expense associated with the ROCE awards will be contingent based upon the achievement of the specified ROCE performance goals and will be adjusted on a quarterly basis to reflect the probability of achieving the ROCE metric.

ROCE performance awards may vest at the end of a three-year performance period contingent upon meeting ROCE performance goals approved by the Committee. The fair value of the ROCE performance awards is the average market price of the underlying common stock on the date of grant.

In December 2021 and August 2022, special performance-based restricted stock unit awards (PSUs) were granted to members of the Company's executive leadership team. Shares are earned based on the achievement of certain pre-set quantitative performance criteria during the four-year performance period, January 1, 2022, through December 31, 2025. Shares may vest following the expiration of the Performance Period if the Company satisfies the performance criteria.

The Chief Executive Officer was granted PSUs that vest with the following, equally weighted, performance metrics: (i) EBITDA margin expansion, (ii) greenhouse gas emissions intensity reduction, (iii) asset portfolio optimization, (iv) leverage metrics and (v) corporate relative valuation. Other members of the executive leadership team were granted PSUs that vest with performance criteria related to: (i) on time and on budget completion of the second mini mill (30% of the grant), (ii) EBITDA margin expansion (40% of the grant) and (iii) greenhouse gas emissions intensity reduction (30% of the grant).

For the PSU awards, a payout is achievable at threshold (50% of target), target (100% of target) or maximum (200% of target) performance achievement. Pay out amounts will be interpolated between the threshold, target and maximum amounts.

The following table shows a summary of the performance awards outstanding as of December 31, 2023, and their fair market value on the respective grant date:

Performance Period	Fair Value (in millions)	Minimum Shares	Target Shares	Maximum Shares
2023 - 2025	$ 17	—	537,091	1,074,182
2022 - 2024	$ 16	—	635,042	1,270,084
2021 - 2023	$ 26	—	1,206,891	2,413,782

The following table shows a summary of the status and activity of nonvested stock awards for the year ended December 31, 2023:

	Restricted Stock Units	TSR Performance Awards [a]	ROCE Performance Awards [a]	Performance-Based Restricted Stock Units [a]	Total	Weighted-Average Grant-Date Fair Value
Nonvested at January 1, 2023	3,325,747	1,184,455	876,603	697,485	6,084,290	$ 19.02
Granted	2,126,020	185,120	357,020	—	2,668,160	31.68
Vested	(1,919,009)	(555,623)	(530,838)	—	(3,005,470)	14.89
Performance adjustment factor [b]	—	(85,382)	265,419	—	180,037	22.56
Forfeited or expired	(100,420)	—	(15,235)	—	(115,655)	25.49
Nonvested at December 31, 2023	3,432,338	728,570	952,969	697,485	5,811,362	$ 26.95

[a] The number of shares shown for the performance awards is based on the target number of share awards.
[b] Consists of adjustments to vested performance awards to reflect actual performance.

The following table presents information on RSUs and performance awards granted:

	2023	2022	2021
Number of awards granted	**2,668,160**	1,979,171	3,361,265
Weighted-average grant-date fair value per share	**$ 31.68**	$ 24.52	$ 20.24

During the years ended December 31, 2023, 2022, and 2021, the total fair value of shares vested was $45 million, $45 million, and $29 million, respectively.

16. 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 up to 12 months to manage our currency requirements and exposure to foreign currency exchange rate fluctuations. Derivative instruments are required to be recognized at fair value in the Consolidated Balance Sheet. The USSE and Flat-Rolled segments use hedge accounting for their foreign exchange forwards. The Mini Mill segment has foreign exchange forwards for which hedge accounting has not been elected; therefore, the changes in the fair value of their foreign exchange forwards are recognized immediately in the Consolidated Statements of Operations (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, tin, electricity, and iron ore pellets (commodity purchase swaps). We elected cash flow hedge accounting for commodity purchase swaps for natural gas, zinc, tin, iron ore pellets, and electricity. The commodity purchase swaps where hedge accounting was elected have maturities up to 12 months.

U. S. Steel has entered into financial swaps that are used to partially manage the sales price risk of certain hot-rolled coil sales (sales swaps) and iron ore sales (zero cost collars and swaps). Both the sales swaps and the zero cost collars are accounted for using hedge accounting and have maturities of up to 12 months.

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. 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 December 31, 2023, and December 31, 2022:

Hedge Contracts	**Classification**	**December 31, 2023**	**December 31, 2022**
Natural gas (in mmbtus)	Commodity purchase swaps	**20,625,000**	45,174,000
Tin (in metric tons)	Commodity purchase swaps	**5**	738
Zinc (in metric tons)	Commodity purchase swaps	**26,148**	5,222
Electricity (in megawatt hours)	Commodity purchase swaps	**183,288**	460,320
Iron ore pellets (in metric tons)	Commodity purchase swaps	**—**	280,000
Iron ore pellets (in metric tons)	Zero cost collars	**—**	108,000
Iron ore pellets (in metric tons)	Sales swaps	**120,834**	1,087,500
Hot-rolled coils (in tons)	Sales swaps	**261,000**	11,000
Foreign currency (in millions of euros)	Foreign exchange forwards	**€452**	€266
Foreign currency (in millions of dollars)	Foreign exchange forwards	**$37**	$90
Foreign currency (in millions of CAD)	Foreign exchange forwards	**$0**	$1

The following summarizes the fair value amounts included in our Consolidated Balance Sheets as of December 31, 2023, and December 31, 2022:

Balance Sheet Location (in millions)	**December 31, 2023**	**December 31, 2022**
Designated as Hedging Instruments		
Accounts receivable	**$ 4**	$ 20
Accounts payable	**81**	68
Investments and long-term receivables	**—**	—
Other long-term liabilities	**2**	15
Not Designated as Hedging Instruments		
Accounts receivable	**—**	13
Investments and long-term receivables	**—**	1

The table below summarizes the effect of hedge accounting on AOCI and amounts reclassified from AOCI into earnings for 2023, 2022, and 2021:

	(Loss) Gain on Derivatives in AOCI				**Amount of (Loss) Gain Recognized in Income**		
(In millions)	**2023**	**2022**	**2021**	**Location of Reclassification from AOCI** [(a)]	**2023**	**2022**	**2021**
Sales swaps	**$ (41)**	$ 14	$ 7	Net sales	**$ (15)**	$ (18)	$ (170)
Commodity purchase swaps	**34**	(35)	(11)	Cost of sales [(b)]	**(105)**	103	57
Foreign exchange forwards	**(5)**	(16)	33	Cost of sales	**(1)**	44	(3)

[(a)] The earnings impact of our hedging instruments substantially offsets the earnings impact of the related hedged items resulting in immaterial ineffectiveness.
[(b)] Costs for commodity purchase swaps are recognized in cost of sales as products are sold.

The table below summarizes the impact of derivative activity where hedge accounting has not been elected on our Consolidated Statements of Operations for 2023, 2022, and 2021:

(In millions)	Consolidated Statement of Operations Location	Amount of (Loss) Gain Recognized in Income 2023	2022	2021
Commodity purchase swaps	Cost of sales	**$ (13)**	$ 18	$ 19
Foreign exchange forwards	Other financial costs	**1**	(7)	2

At current contract values, $28 million in AOCI as of December 31, 2023, will be recognized as an increase in cost of sales over the next year, and $49 million in AOCI as of December 31, 2023, will be recognized as a decrease in net sales over the next year.

17. Debt

(In millions)	Issuer/Borrower	Interest Rates %	Maturity	December 31, 2023	December 31, 2022
2037 Senior Notes	U. S. Steel	6.650	2037	**$ 274**	$ 274
2026 Senior Convertible Notes	U. S. Steel	5.000	2026	**350**	350
2029 Senior Notes	U. S. Steel	6.875	2029	**475**	475
2029 Senior Secured Notes	Big River Steel	6.625	2029	**720**	720
Environmental Revenue Bonds	U. S. Steel	4.125 - 6.750	2024 - 2053	**1,164**	924
Environmental Revenue Bonds	Big River Steel	4.500 - 4.750	2049	**752**	752
Finance leases and all other obligations	U. S. Steel	Various	2023-2029	**157**	100
Finance leases and all other obligations	Big River Steel	Various	2023-2027	**167**	176
ECA Credit Agreement	U. S. Steel	Variable	2031	**97**	136
Credit Facility Agreement	U. S. Steel	Variable	2027	**—**	—
Big River Steel ABL Facility	Big River Steel	Variable	2026	**—**	—
USSK Credit Agreement	U. S. Steel Kosice	Variable	2026	**—**	—
USSK Credit Facility	U. S. Steel Kosice	Variable	2024	**—**	—
Total debt				**4,156**	3,907
Less unamortized discount, premium and debt issuance costs				**(66)**	(70)
Less short-term debt, long-term debt due within one year, and short-term issuance costs				**142**	63
Long-term debt				**$ 4,080**	$ 3,914

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Arkansas Development Finance Authority Environmental Improvement Revenue Bonds, Series 2023 (United States Steel Corporation Project) (Green Bonds)

On May 18, 2023, U. S. Steel closed on an offering consisting of an aggregate principal amount of $240 million unsecured Arkansas Development Finance Authority environmental improvement revenue bonds, which carry a green bond designation. The bonds, issued through Arkansas Development Finance Authority, have a coupon rate of 5.700% and a final maturity of 2053 (2053 ADFA Green Bonds). U. S. Steel received net proceeds of approximately $238 million after fees of approximately $2 million related to the underwriting and third-party expenses, and will pay semiannual interest. The net proceeds from the issuance of the 2053 ADFA Green Bonds were used to partially fund work related to BR2, currently under construction near Osceola, Arkansas.

On and after May 1, 2026, the Company may redeem the 2053 ADFA Green Bonds at its option, at any time in whole or from time to time in part at the redemption prices (expressed in percentages of principal amount) listed below, plus accrued and unpaid interest on the 2053 ADFA Green Bonds, if any, to, but excluding, the applicable redemption date, if redeemed during the twelve-month period beginning on May 1 of each of the years indicated below.

Year	Redemption Price
2026	105.000 %
2027	104.000 %
2028	103.000 %
2029	102.000 %
2030	101.000 %
2031 and thereafter	100.000 %

At any time prior to May 1, 2026, U. S. Steel may also redeem the 2053 ADFA Green Bonds, at our option, in whole or in part, or from time to time, at a price equal to the greater of 100 percent of the principal amount of the 2053 ADFA Green Bonds plus accrued and unpaid interest, if any, or the sum of the present value of the redemption price of the 2053 ADFA Green Bonds if they were redeemed on May 1, 2026, plus interest payments due through May 1, 2026, discounted to the date of redemption on a semi-annual basis at the applicable tax-exempt municipal bond rate, plus accrued and unpaid interest, if any.

Arkansas Development Finance Authority Environmental Improvement Revenue Bonds, Series 2022 (United States Steel Corporation Project) (Green Bonds)

On September 6, 2022, U. S. Steel closed on an offering consisting of an aggregate principal amount of $290 million unsecured Arkansas Development Finance Authority environmental improvement revenue bonds, which carry a green bond designation. The bonds, issued through Arkansas Development Finance Authority, have a coupon rate of 5.450% and a final maturity of 2052 (2052 ADFA Green Bonds). U. S. Steel received net proceeds of approximately $287 million after fees of approximately $3 million related to the underwriting and third-party expenses, and will pay semiannual interest. The net proceeds from the issuance of the 2052 ADFA Green Bonds were used to partially fund work related to BR2, currently under construction near Osceola, Arkansas.

On and after September 1, 2025, the Company may redeem the 2052 ADFA Green Bonds at its option, at any time in whole or from time to time in part at the redemption prices (expressed in percentages of principal amount) listed below, plus accrued and unpaid interest on the 2052 ADFA Green Bonds, if any, to, but excluding, the applicable redemption date, if redeemed during the twelve-month period beginning on September 1 of each of the years indicated below.

Year	Redemption Price
2025	105.000 %
2026	104.000 %
2027	103.000 %
2028	102.000 %
2029	101.000 %
2030 and thereafter	100.000 %

At any time prior to September 1, 2025, U. S. Steel may also redeem the 2052 ADFA Green Bonds, at our option, in whole or in part, or from time to time, at a price equal to the greater of 100 percent of the principal amount of the 2052 ADFA Green Bonds plus accrued and unpaid interest, if any, or the sum of the present value of the redemption price of the 2052 ADFA Green Bonds if they were redeemed on September 1, 2025, plus interest payments due through September 1, 2025, discounted to the date of redemption on a semi-annual basis at the applicable tax-exempt municipal bond rate, plus accrued and unpaid interest, if any.

2026 Senior Convertible Notes

In October 2019, U. S. Steel issued $350 million of 5.00% Senior Convertible Notes due November 1, 2026 (2026 Senior Convertible Notes). Interest on the 2026 Senior Convertible Notes is payable semi-annually on May 1 and November 1 of each year. The initial conversion rate for the 2026 Senior Convertible Notes is 74.8391 shares of U. S. Steel common stock per $1,000 principal amount, equivalent to an initial conversion price of approximately $13.36 per share of common stock, subject to adjustment pursuant to the 2026 Senior Convertible Notes indenture. Based on the initial conversion rate, the 2026 Senior Convertible Notes are convertible into 26,193,685 shares of U. S. Steel common stock and we reserved for the possible issuance of 33,396,930 shares, which is the maximum amount that could be issued upon conversion. Prior to August 1, 2026, holders of notes may convert all or a portion of their notes at their option only upon the satisfaction of specified conditions and during certain periods. On or after August 1, 2026, holders may convert all or a portion of their notes prior to the maturity date. Upon conversion, we will satisfy the obligation with cash, common stock, or a combination thereof, at our election. U. S. Steel may not redeem the 2026 Senior Convertible Notes prior to November 5, 2023. On or after November 5, 2023, and prior to August 1, 2026, if the price per share of U. S. Steel's common stock has been at least 130% of the conversion price for specified periods, U. S. Steel may redeem all or a portion of the 2026 Senior Convertible Notes at a cash redemption price of 100% of the principal amount, plus accrued and unpaid interest.

If U. S. Steel undergoes a fundamental change, as defined in the 2026 Senior Convertible Notes, holders may require us to repurchase the 2026 Senior Convertible Notes in whole or in part for cash at a price equal to 100% of the principal amount of the 2026 Senior Convertible Notes to be purchased plus any accrued and unpaid interest up to, but excluding the repurchase date.

Big River Steel — Sustainability Linked ABL Facility

Big River Steel's amended senior secured asset-based revolving credit facility (Big River Steel ABL Facility) matures on July 23, 2026. The facility is secured by first-priority liens on accounts receivable and inventory and certain other assets and second priority liens on most tangible and intangible assets of Big River Steel in each case subject to permitted liens. Additionally, the amendment includes sustainability targets related to greenhouse gas emissions intensity reduction, safety performance and facility certification by ResponsibleSteel™.

The Big River Steel ABL Facility provides for borrowings for working capital and general corporate purposes in an amount equal up to the lesser of (a) $350 million and (b) a borrowing base calculated based on specified percentages of eligible accounts receivables and inventory, subject to certain adjustments and reserves.

Big River Steel LLC must maintain a fixed charge coverage ratio of at least 1.00 to 1.00 for the most recent twelve consecutive months when availability under the Big River Steel ABL Facility is less than the greater of ten percent of the borrowing base availability and $13 million. Based on the most recent four quarters as of December 31, 2023, Big River Steel would have met the fixed charge coverage ratio test. The facility includes affirmative and negative covenants and events of default that are customary for facilities of this type.

There were no loans outstanding under the Big River Steel ABL Facility at December 31, 2023. Availability under the Big River Steel ABL Facility, pursuant to the available borrowing base was $299 million at December 31, 2023.

U. S. Steel — Sustainability Linked Credit Facility Agreement

On May 27, 2022, U. S. Steel entered into the Sixth Amended and Restated Credit Facility Agreement (Credit Facility Agreement) to replace the existing Fifth Amended and Restated Credit Facility Agreement (Fifth Credit Facility Agreement). The Credit Facility Agreement has substantially the same terms as the Fifth Credit Facility Agreement, except the Credit Facility Agreement references the Secured Overnight Financing Rate instead of the London Interbank Offered Rate, adjusts the individual lenders' commitments, and renews the five-year maturity to May 27, 2027. The Credit Facility Agreement also adjusts the threshold for the fixed charge coverage ratio. The total availability under the facility remained the same at $1,750 million, and the financial impact from replacing the Fifth Credit Facility Agreement was immaterial. Consistent with the Fifth Credit Facility Agreement, the Credit Facility Agreement is secured by first-priority liens on certain accounts receivable and inventory and includes targets related to greenhouse gas emissions intensity reduction, safety performance and facility certification by ResponsibleSteel™.

The Credit Facility Agreement provides for borrowings for working capital and general corporate purchases in an amount equal to the lesser of (a) $1,750 million or (b) a borrowing base calculated based on specified percentages of eligible accounts receivable and inventory, subject to certain adjustments and reserves. As of December 31, 2023, there were approximately $4 million of letters of credit issued and no loans drawn under the 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 ten percent of the maximum facility availability and $140 million. Based on the most recent four quarters as of December 31, 2023, the Company would have met the fixed charge coverage ratio test.

USSK Credit Facilities
On September 28, 2023, the Company elected to reduce the size of the USSK Credit Agreement from €300 million to €150 million (approximately $166 million). The reduced credit facility size supports USSK's liquidity needs and is consistent with efforts to optimize costs and the global liquidity position. The USSK Credit Agreement matures in 2026 and contains sustainability targets related to greenhouse gas emissions intensity reduction, safety performance and facility certification by ResponsibleSteel™.

Under the USSK Credit Agreement, USSK is required to maintain a net debt to EBITDA ratio of less than 3.50:1.00 (the "EBITDA Ratio Covenant"), as measured on a rolling twelve month basis on June 30th and December 31st of each year. As of December 31, 2023, USSK met the EBITDA Ratio Covenant, and the USSK Credit Agreement was undrawn and fully available.

During the first quarter of 2023, USSK increased the size of its €20 million credit facility to €30 million (approximately $33 million) (the USSK Credit Facility). At December 31, 2023, USSK had no borrowings under the USSK Credit Facility, and the availability was approximately $15 million due to approximately $18 million of customs and other guarantees outstanding.

Debt Maturities – Aggregate maturities of debt are as follows (in millions):

2024	2025	2026	2027	2028	Later Years	Total
$ 145	$ 73	$ 530	$ 110	$ 28	$ 3,270	$ 4,156

18. Pensions and Other Benefits

U. S. Steel has defined contribution plans or multiemployer retirement benefits for approximately 85 percent of its employees in the United States and non-contributory defined benefit pension plans covering the remaining employees. Benefits under the defined benefit pension plans are based upon years of service and final average pensionable earnings, with a minimum benefit based upon years of service. In addition, pension benefits for most non-represented employees under these plans are based upon a percent of total career pensionable earnings. Effective December 31, 2015, non-represented participants in the defined benefit plan no longer accrue additional benefits under the plan. For those non-represented employees without defined benefit coverage (the defined benefit pension plan was closed to new participants in 2003) and those for which the defined benefit plan was frozen, the Company also provides in the defined contribution plans (401(k) plans) a retirement account benefit based on salary and attained age. Most non-represented employees also participate in the 401(k) plans whereby the Company matches a certain percentage of salary based on the amount contributed by the participant. As of December 31, 2023, more than 75 percent of U. S. Steel's represented employees in the United States are covered by the SPT, a multiemployer pension plan, to which U. S. Steel contributes on the basis of a fixed dollar amount for each hour worked.

Certain hourly employees of U. S. Steel's flat-rolled, tubular, cokemaking and iron ore operations in the United States are covered by collective bargaining agreements with the USW entered into effective September 1, 2022, (the 2022 Labor Agreements) that expire on September 1, 2026. The 2022 Labor Agreements include a signing bonus for each eligible USW-represented employee and annual 5% wage increases effective September 1, 2022, 2023, 2024, and 2025. Additionally, the 2022 Labor Agreements provide for increases to our pension and retirement benefits, including increases to our defined benefit pension plan, and to the contribution rate to the SPT from $3.50 to $4.00 per hour effective January 1, 2023. During the fourth quarter of 2022, U. S. Steel recorded a charge of approximately $67 million for the 2022 Labor Agreements signing bonus and related costs which was recognized primarily as a component of Cost of sales on the Consolidated Statements of Operations.

In addition, as part of the collective bargaining process, U. S. Steel and the USW agreed to leverage the overfunded OPEB plans to support the benefits provided to active represented employees. Beginning January 1, 2023, this agreement allows the Company to use a certain amount of surplus VEBA assets (the surplus amount) to pay for legally permissible benefits under Section 501(c)(9) of the Internal Revenue Code for active employees and retirees of the USW. The surplus amount will represent a one-time transfer of VEBA assets to a subaccount to be used for these employees and retirees, which will take place in the first quarter 2023. The surplus amount of $595 million was determined as of December 31, 2022, (after merger of the UPI VEBA) and is the balance of VEBA assets in excess of 135% of the retiree obligation. The Company is permitted to withdraw a target of $75 million annually, with a guaranteed annual minimum of $50 million, and which may be in excess of $75 million in certain circumstances, on a quarterly pro rata basis, from the subaccount to cover the cost of the permissible benefits for active USW employees and USW retirees. As a result of its designation for this purpose, the surplus amount is presented as $89 million in Other current assets and $481 million in Other noncurrent assets on the Consolidated Balance Sheet as of December 31, 2023. Pursuant to the agreement with the USW, the Company merged the United States Steel Corporation Plan for Active Employee Insurance Benefits with and into the United States Steel Corporation Plan for Retiree Insurance Benefits effective January 1, 2023. Upon the one-time transfer from the VEBA to the subaccount, the surplus assets will no longer be accounted for under ASC 715, *Compensation-Retirement Benefits* and is instead expected to be accounted for primarily under the provisions of ASC 825 *Financial Instruments,* which is likely to result in the portfolio being accounted for on a fair value basis, with gains and losses recognized in earnings, and reported as activity in Other financial costs (benefits) on the Company's Consolidated Statements of Operations.

On November 8, 2021, U. S. Steel entered into a commitment agreement with Banner Life Insurance Company and William Penn Life Insurance Company of New York (the “Insurers”) and State Street Global Advisors Trust Company, as independent fiduciary to the United States Steel Corporation Plan for Employee Pension Benefits (Revision of 2003), for the plan to purchase group annuity contracts and transfer approximately $284 million of its pension plan obligations to the Insurers. The purchase of the group annuity contracts was funded directly by the assets of the pension plan. The purchase resulted in the transfer of administrative and benefit-paying responsibilities for approximately 17,800 U.S. retirees and beneficiaries to the Insurers. The Insurers began paying benefits for certain retirees and beneficiaries in the Plan on January 1, 2022. There was no change to the pension benefits for any retirees and beneficiaries as a result of the transaction. As a result of the transaction, the Corporation recognized a non-cash pension settlement charge of approximately $93 million. This amount was reclassified to earnings through Net interest and other financial costs from Accumulated other comprehensive loss.

In addition during 2021, the Company recorded termination charges of approximately $34 million in pensions and $17 million in other benefits related to the planned disposition of a component within the flat-roll segment. These charges were recognized as Restructuring and other charges on the Consolidated Statements of Operations.

On October 26, 2022, U. S. Steel entered into an agreement with Pacific Life Insurance Company (the Insurer) and State Street Global Advisors Trust Company, as independent fiduciary to the UPI Pension Plan, for the plan to purchase group annuity contracts and transfer approximately $115 million of its pension plan obligations to the Insurer. The purchase of the group annuity contracts was completed on November 1, 2022, and funded directly by the assets of the pension plan. The purchase resulted in the transfer of the administrative and benefit-paying responsibilities for approximately 850 U.S. retirees and beneficiaries to the Insurer. The Insurer began paying benefits for certain retirees and beneficiaries in the Plan on January 1, 2023. There was no change to the pension benefits for any retirees and beneficiaries as a result of the transaction. As a result of the transaction, the Corporation recognized a non-cash pension settlement credit of approximately $3 million. This amount was reclassified to earnings through Net interest and other financial costs from accumulated other comprehensive loss.

Effective as of December 15, 2022, the UPI Pension Plan was merged into the U. S. Steel pension plan.

U. S. Steel’s defined benefit retiree health care and life insurance plans (Other Benefits) cover the majority of its represented employees in the United States upon their retirement. Health care benefits are provided for Medicare and pre-Medicare retirees, with Medicare retirees largely enrolled in Medicare Advantage Plans. Both are subject to various cost sharing features, and in most cases domestically, an employer cap on total costs. The Other Benefits plan was closed to represented employees hired or rehired under certain conditions on or after January 1, 2016.

The retiree medical and retiree life insurance plans, for non-represented employees were amended to eliminate retiree medical benefits effective December 31, 2017, and to eliminate retiree life insurance benefits for employees who retired after December 31, 2017.

The majority of U. S. Steel’s European employees are covered by government-sponsored programs into which U. S. Steel makes required contributions. Also, U. S. Steel sponsors defined benefit plans for most European employees covering benefit payments due to employees upon their retirement, some of which are government mandated. These same employees receive service awards throughout their careers based on stipulated service and, in some cases, age and service.

U. S. Steel uses a December 31 measurement date for its plans and may have an interim measurement date if significant events occur. Details relating to pension benefits and Other Benefits are below.

	Pension Benefits		Other Benefits	
(In millions)	**2023**	**2022**	**2023**	**2022**
Change in benefit obligations				
Benefit obligations at January 1	**$ 4,186**	$ 5,422	**$ 1,236**	$ 1,620
Service cost	**33**	45	**6**	9
Interest cost	**220**	157	**67**	49
Plan amendments	**—**	120	**—**	10
Actuarial losses (gains)	**24**	(1,011)	**(77)**	(332)
Exchange rate gain	**(1)**	(1)	**—**	—
Settlements, curtailments and termination benefits	**12**	(108)	**—**	2
Benefits paid	**(403)**	(438)	**(113)**	(122)
Benefit obligations at December 31	**$ 4,071**	$ 4,186	**$ 1,119**	$ 1,236
Change in plan assets				
Fair value of plan at January 1	**$ 4,170**	$ 5,632	**$ 1,151**	$ 2,094
Actual return on plan assets	**406**	(904)	**98**	(258)
Plan Spin-Offs and Mergers	**—**	—	**—**	(595)
Asset reversion	**—**	—	**(2)**	—
Employer contributions	**—**	—	**—**	2
Settlements	**—**	(121)	**—**	—
Benefits paid from plan assets	**(402)**	(437)	**(75)**	(92)
Fair value of plan assets at December 31	**$ 4,174**	$ 4,170	**$ 1,172**	$ 1,151
Funded status of plans at December 31	**103**	(16)	**53**	(85)

For pension benefits, the largest contributor to the actuarial loss in 2023 was the decrease in the discount rate from 5.55% at December 31, 2022, to 5.49% at December 31, 2023. In 2022, the largest contributor of actuarial gain was the increase in the discount rate from 3.01% at December 31, 2021, to 5.55% at December 31, 2022.

For Other Benefits, the largest contributor to the actuarial gain in 2023 was attributable to reductions in future health care costs. In 2022, the largest contributor of actuarial gain was the increase in the discount rate from 3.11% at December 31, 2021, to 5.66% at December 31, 2022. There were also gains at December 31, 2022, attributable to reductions in future health care costs.

Amounts recognized in accumulated other comprehensive loss:

		2023		
(In millions)	**12/31/2022**	**Amortization**	**Activity**	**12/31/2023**
Pensions				
Prior Service Cost	$ 130	$ (17)	$ —	**$ 113**
Actuarial Losses	1,476	(13)	(54)	**1,409**
Other Benefits				
Prior Service Credit	(41)	23	—	**(18)**
Actuarial Gains	(622)	72	(114)	**(664)**

As of December 31, 2023, and 2022, the following amounts were recognized in the Consolidated Balance Sheet:

	Pension Benefits		Other Benefits	
(In millions)	**2023**	**2022**	**2023**	**2022**
Noncurrent assets	**$ 131**	$ 10	**$ 57**	$ —
Current liabilities	**(2)**	(2)	**(1)**	(37)
Noncurrent liabilities	**(26)**	(24)	**(3)**	(48)
Accumulated other comprehensive loss [(a)]	**1,522**	1,606	**(682)**	(663)
Net amount recognized	**$ 1,625**	$ 1,590	**$ (629)**	$ (748)

(a) Accumulated other comprehensive loss effects associated with accounting for pensions and other benefits in accordance with ASC Topic 715 at December 31, 2023, and December 31, 2022, respectively, are reflected net of tax of $602 million and $626 million respectively, on the Consolidated Statements of Stockholders' Equity.

The Accumulated Benefit Obligation (ABO) for all defined benefit pension plans was $3,956 million and $4,103 million at December 31, 2023, and 2022, respectively.

(In millions)	December 31, 2023	December 31, 2022
Information for pension plans with an accumulated benefit obligation in excess of plan assets:		
Aggregate accumulated benefit obligations (ABO)	**$ (21)**	$ (19)
Aggregate projected benefit obligations (PBO)	**(28)**	(26)
Aggregate fair value of plan assets	**—**	—

The aggregate PBO in excess of plan assets reflected above is included in the payroll and benefits payable and employee benefits lines on the Consolidated Balance Sheet.

Following are the details of net periodic benefit costs (credits) related to Pension and Other Benefits:

	Pension Benefits			Other Benefits		
(In millions)	**2023**	**2022**	**2021**	**2023**	**2022**	**2021**
Components of net periodic benefit cost (credits):						
Service cost	**$ 33**	$ 45	$ 53	**$ 6**	$ 9	$ 11
Interest cost	**220**	157	163	**67**	49	50
Expected return on plan assets	**(328)**	(357)	(361)	**(61)**	(91)	(81)
Amortization - prior service costs (credits)	**17**	2	2	**(23)**	(24)	(29)
- actuarial losses (gains)	**13**	73	132	**(72)**	(53)	(23)
Net periodic benefit cost, excluding below	**(45)**	(80)	(11)	**(83)**	(110)	(72)
Multiemployer plans [(a)]	**83**	74	75	**—**	—	—
Settlement, termination and curtailment losses	**13**	12	135	**—**	2	19
Net periodic benefit cost (credits)	**$ 51**	$ 6	$ 199	**$ (83)**	$ (108)	$ (53)

(a) Primarily represents pension expense for the SPT covering USW employees hired from National Steel Corporation and new USW employees hired after May 21, 2003.

Net periodic benefit expense (credits) for pensions and Other Benefits is projected to be approximately $88 million and approximately $(102) million, respectively, in 2024. The pension cost projection includes approximately $84 million of contributions to the SPT.

Weighted average assumptions used to determine the benefit obligation at December 31 and net periodic benefit cost for the year ended December 31 are detailed below.

	Pension Benefits		Other Benefits	
	2023	**2022**	**2023**	**2022**
	U.S. and Europe	**U.S. and Europe**	**U.S.**	**U.S.**
Actuarial assumptions used to determine benefit obligations at December 31:				
Discount rate	**5.49 %**	5.55 %	**5.58 %**	5.66 %
Increase in compensation rate	**3.15 %**	3.15 %	**N/A**	N/A

	Pension Benefits			Other Benefits		
	2023	**2022**	**2021**	**2023**	**2022**	**2021**
	U.S. and Europe	**U.S. and Europe**	**U.S. and Europe**	**U.S.**	**U.S.**	**U.S.**
Actuarial assumptions used to determine net periodic benefit cost for the year ended December 31:						
Discount rate	**5.55 %**	3.01 %	2.72 %	**5.66 %**	3.11 %	2.80 %
Expected annual return on plan assets	**6.90 %**	6.82 %	6.82 %	**4.50 %**	4.50 %	4.25 %
Increase in compensation rate	**3.15 %**	2.60 %	2.60 %	**N/A**	N/A	N/A

The discount rate reflects the current rate at which the pension and Other Benefit liabilities could be effectively settled at the measurement date. In 2017, we refined our discount rate determination process for our U.S. plans by using a bond matching approach to select specific bonds that would satisfy our projected benefit payments. We believe the bond matching approach more closely reflects the process we would employ to settle our pension and other benefits obligations. For our European pension plan, the discount rate is determined using data published by European Central Bank and underlying data provided by EuroMTS Ltd. The discount rate assumptions are updated annually.

	2023	2022
Assumed health care cost trend rates at December 31:	**U.S.**	**U.S.**
Health care cost trend rate assumed for next year	**5.90%**	6.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	**4.50%**	4.50%
Year that the rate reaches the ultimate trend rate	**2038**	2038

U. S. Steel reviews its actual historical rate experience and expectations of future health care cost trends to determine the escalation of per capita health care costs under U. S. Steel's benefit plans. About 80 percent of our costs for the domestic USW participants' retiree health benefits in the Company's main domestic benefit plan are limited to a per capita dollar maximum calculation based on 2006 base year actual costs incurred under the main U. S. Steel benefit plan for USW participants (cost cap). The full effect of the cost cap is expected to be realized around 2031. After 2031, the Company's costs for a majority of USW retirees and their dependents are expected to remain fixed and as a result, the cost impact of health care escalation for the Company is projected to be limited for this group.

Plan Assets

ASC Topic 820 establishes a single definition of fair value, creates a three-tier hierarchy as a framework for measuring fair value based on inputs used to value the Plan's investments, and requires additional disclosure about fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are summarized below:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
- Level 2 – Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means

  If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

An instrument's level is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023, and 2022.

Short-term investments are valued at amortized cost which approximates fair value due to the short-term maturity of the instruments. Equity securities - U.S. & International are valued at the closing price reported on the active exchange on which the individual securities are traded. U.S. and Non U.S. government bonds are valued using pricing models maximizing the use of observable inputs for similar securities. Corporate U.S. & Non U.S. bonds are also valued using pricing models maximizing the use of observable inputs for similar securities, which includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flow approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks. Mortgage and asset-backed securities are valued using quotes from a broker dealer. Private equities and real estate are valued using information provided by external managers for each individual investment held in the fund or using NAV (net asset value) as a practical expedient. Timberland investments are valued at their appraised value. Mineral Interests and other alternatives are valued at the present value of estimated future cash flows discounted at estimated market rates for assets of similar quality and duration.

The fair value of U. S. Steel's pension plan assets by asset category at December 31 was as follows (in millions):

	2023					2022				
	Level 1	**Level 2**	**Level 3**	**measured at NAV [a]**	**Total**	**Level 1**	**Level 2**	**Level 3**	**measured at NAV [a]**	**Total**
Asset Category										
Equity										
U. S. companies	$ 332	$ —	$ —	$ —	$ 332	$ 273	$ —	$ —	$ —	$ 273
International companies	433	—	—	—	433	366	—	—	—	366
Derivative financial instruments	—	7	—	—	7	—	—	—	—	—
Total equity	765	7	—	—	772	639	—	—	—	639
Fixed Income										
Corporate Bonds - U.S.	—	654	—	—	654	—	989	—	—	989
Corporate Bonds - Non-U.S.	—	129	—	—	129	—	206	—	—	206
U.S. government and agencies	—	197	—	—	197	—	244	—	—	244
Non-U.S. government	—	43	—	—	43	—	51	—	—	51
Mortgage and asset-backed securities	—	9	—	—	9	—	10	—	—	10
Derivative financial instruments	—	6	—	—	6	(7)	7	—	—	—
Total fixed income	—	1,038	—	—	1,038	(7)	1,507	—	—	1,500
Alternatives										
Timberlands	—	—	—	21	21	—	—	—	19	19
Mineral Interests and other alternatives	—	—	—	239	239	—	—	54	125	179
Private equity	—	—		235	235	—	—		251	251
Real estate	—	—	—	245	245	—	—	35	193	228
Total alternatives	—	—	—	740	740	—	—	89	588	677
Commingled Funds	—	—	—	1,499	1,499	—	—	—	1,176	1,176
Short-Term Investments	106	5	—	—	111	116	39	—	—	155
Other [b]	14	—	—	—	14	23	—	—	—	23
Total assets at fair value	$ 885	$ 1,050	$ —	$ 2,239	$ 4,174	$ 771	$ 1,546	$ 89	$ 1,764	$ 4,170

[a] In accordance with ASC Topic 820, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy.

[b] Includes cash, accrued income, and miscellaneous payables.

The following table sets forth a summary of changes in the fair value of U. S. Steel's Pension plan Level 3 assets for the years ended December 31, 2023, and 2022:

	Level 3 assets only	
(In millions)	**2023**	**2022**
Balance at beginning of period	$ 89	$ 54
Transfers in and/or out of Level 3	(89)	—
Actual return on plan assets:		
Realized gain	—	1
Net unrealized gain	—	6
Purchases, sales, issuances and settlements:		
Purchases	—	33
Sales	—	(5)
Balance at end of period	$ —	$ 89

The fair value of U. S. Steel's Other Benefits plan assets by asset category at December 31 was as follows (in millions):

	2023					2022				
	Level 1	Level 2	Level 3	measured at NAV [a]	Total	Level 1	Level 2	Level 3	measured at NAV [a]	Total
Asset Category										
Equity										
U. S. companies	$ 65	$ —	$ —	$ —	$ 65	$ 50	$ —	$ —	$ —	$ 50
International companies	31	—	—	—	31	19	—	—	—	19
Total equity	96	—	—	—	96	69	—	—	—	69
Fixed Income										
Corporate Bonds - U.S.	—	476	—	—	476	—	479	—	—	479
Corporate Bonds - Non-U.S.	—	108	—	—	108	—	112	—	—	112
U.S. government and agencies	—	105	—	—	105	—	26	—	—	26
Non-U.S. government	—	14	—	—	14	—	5	—	—	5
Mortgage and asset-backed securities	—	11	—	—	11	—	4	—	—	4
Total fixed income	—	714	—	—	714	—	626	—	—	626
Alternatives										
Timberlands	—	—	—	3	3	—	—	—	2	2
Other alternatives	—	—	—	41	41	—	—	47	29	76
Private equity	—	—	—	54	54	—	—	—	39	39
Real estate	—	—	—	30	30	—	—	—	17	17
Total alternatives	—	—	—	128	128	—	—	47	87	134
Commingled Funds	—	—	—	190	190	—	—	—	262	262
Short-Term Investments	13	1	—	—	14	33	9	—	—	42
Other [b]	30	—	—	—	30	18	—	—	—	18
Total assets at fair value [c]	$ 139	$ 715	$ —	$ 318	$ 1,172	$ 120	$ 635	$ 47	$ 349	$ 1,151

(a) In accordance with ASC Topic 820, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy.
(b) Includes cash, accrued income, and miscellaneous payables.
(c) The classification within the fair value hierarchy and the composition of the asset categories for the VEBA assets surplus amount of $595 million was the same as the Other Benefits plan assets as of December 31, 2022.

The following table sets forth a summary of changes in the fair value of U. S. Steel's Other Benefits plan Level 3 assets for the years ended December 31, 2023, and 2022:

	Level 3 assets only	
(In millions)	**2023**	**2022**
Balance at beginning of period	$ 47	$ 39
Transfers in and/or out of Level 3	(47)	(25)
Actual return on plan assets:		
Realized gain	—	—
Net unrealized loss	—	(2)
Purchases, sales, issuances and settlements:		
Purchases	—	35
Sales	—	—
Balance at end of period	$ —	$ 47

U. S. Steel's investment strategy for its U.S. pension and Other Benefits plan assets provides for a diversified mix of high quality bonds, public equities and selected smaller investments in private equities, private credit, timber and mineral interests. For its U.S. pension, U. S. Steel has a target allocation for plan assets of 69 percent in corporate bonds, government bonds and mortgage, private credit, and asset-backed securities. The balance is invested in equity securities, timber, private equity and real estate partnerships. U. S. Steel believes that returns on equities over the long term will be higher than returns from fixed-income securities as actual historical returns from U. S. Steel's trusts have shown. Returns on bonds tend to offset some of the short-term volatility of stocks. Both equity and fixed-income investments are made across a broad range of industries and companies (both domestic and foreign) to provide protection against the impact of volatility in any single industry as well as company specific developments. U. S. Steel will use a 6.90 percent assumed rate of return on assets for the development of net periodic cost for the main defined benefit pension plan in 2024. Actual returns since the inception of the plan have exceeded this 6.90 percent rate and while recent annual returns have been volatile, it is U. S. Steel's expectation that rates will achieve this level in future periods.

For its Other Benefits plan, U. S. Steel is employing a liability driven investment strategy. The plan assets are allocated to match the plan cash flows with maturing investments. To achieve this strategy, U. S. Steel has a target allocation for plan assets of 80 percent in fixed income and private credit. The balance is primarily invested in equity securities, timber, private equity and real estate partnerships. U. S. Steel will use a 6.00 percent assumed rate of return on assets for the development of net periodic cost for its Other Benefit plans for 2024. The 2024 assumed rate of return was updated after a review of capital market forecasted returns based on target allocations. As a result, the expected asset return for 2024 was increased to 6.00 percent from the rate of return used for 2023 domestic net periodic benefit cost of 4.50 percent.

Steelworkers Pension Trust

For most bargaining unit employees participating in the SPT, U. S. Steel contributed to the SPT a fixed dollar amount for each hour worked of $3.50 through December 31, 2022. SPT contributions per hour of $4.00 was effective January 1, 2023. U. S. Steel's contributions to the SPT represented greater than 30% of the total combined contributions of all employers participating in the plan for the years ended December 31, 2023, 2022, and 2021.

Participation in a multiemployer pension plan agreed to under the terms of a collective bargaining agreement differ from a traditional qualified single employer defined benefit pension plan. The SPT shares risks associated with the plan in the following respects:

a. Contributions to the SPT by U. S. Steel may be used to provide benefits to employees of other participating employers;

b. If a participating employer stops contributing to the SPT, the unfunded obligations of the plan may be borne by the remaining participating employers;

c. If U. S. Steel chooses to stop participating in the SPT, U. S. Steel may be required to pay an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

On March 21, 2011, the Board of Trustees of the SPT elected funding relief which has the effect of decreasing the amount of required minimum contributions in near-term years, but will increase the minimum funding requirements during later plan years. As a result of the election of funding relief, the SPT's zone funding under the Pension Protection Act may be impacted.

In addition to the funding relief election, the Board of Trustees also elected a special amortization rule, which allows the SPT to separately amortize investment losses incurred during the SPT's December 31, 2008 plan year-end over a 29 year period, whereas they were previously required to be amortized over a 15 year period.

U. S. Steel's participation in the SPT for the annual periods ended December 31, 2023, 2022, and 2021 is outlined in the table below.

Pension Fund	Employer Identification Number/ Pension Plan Number	Pension Protection Act Zone Status as of December 31 [(a)]		FIP/RP Status Pending/ Implemented[(b)]	U.S. Steel Contributions (in millions)			Surcharge Imposed[(c)]		Expiration Date of Collective Bargaining Agreement
		2023	2022		2023	2022	2021	2023	2022	
Steelworkers Pension Trust	23-6648508/499	Green	Green	No	$ 82	$ 74	$ 75	No	No	September 1, 2026

(a) The zone status is based on information that U. S. Steel received from the plan and is certified by the plan's actuary. Among other factors, plans in the green zone are at least 80 percent funded, while plans in the yellow zone are less than 80 percent funded and plans in the red zone are less than 65 percent funded.
(b) Indicates if a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented.
(c) Indicates whether there were charges to U. S. Steel from the plan.

Cash Flows

The following information is in addition to the contributions to the SPT noted in the table above.

Employer Contributions – U. S. Steel did not make any voluntary or mandatory contributions to the U. S. Steel Retirement Plan Trust in 2023 or 2022. The U. S. Steel Retirement Plan Trust is the funding vehicle for the Company's main defined benefit pension plan.

For pension plans not funded by trusts, U. S. Steel made $3 million, $2 million, and $11 million of pension payments not funded by trusts in 2023, 2022, and 2021, respectively.

Cash payments totaling $40 million, $32 million, and $46 million were made for other post-employment benefit payments not funded by trusts in 2023, 2022, and 2021, respectively. In 2023, 2022, and 2021, U. S. Steel continued to use assets from our VEBA trust for represented retiree health care and life insurance benefits to pay USW post-employment benefit claims.

Estimated Future Benefit Payments – The following benefit payments, which reflect expected future service as appropriate, are expected to be paid from U. S. Steel's defined benefit plans:

(In millions)	Pension Benefits	Other Benefits
2024	$ 431	$ 104
2025	377	100
2026	356	108
2027	351	110
2028	341	112
Years 2029 - 2031	1,571	483

Defined contribution plans

U. S. Steel also contributes to several defined contribution plans for its salaried employees. Effective January 1, 2016, all non-represented salaried employees in North America receive pension benefits in the form of a separate retirement account through a defined contribution plan with contribution percentages based upon age, for which company contributions totaled $21 million, $21 million, and $20 million in 2023, 2022, and 2021, respectively. U. S. Steel's matching contributions to salaried employees' defined contribution plans, which are 100 percent of the employees' contributions up to six percent of their eligible salary, totaled $20 million, $19 million, and $18 million in 2023, 2022, and 2021, respectively. U. S. Steel also maintains non-qualified defined contribution plans to provide benefits which are otherwise limited by the Internal Revenue Code for qualified plans. U. S. Steel's contributions under these defined contribution plans were $2 million in 2023, less than $1 million in 2022, and $1 million in 2021.

Most represented employees are eligible to participate in a defined contribution plan where there is no company match on savings except for certain Tubular hourly employees. Effective with the 2015 Labor Agreement, represented hires on or after January 1, 2016, are eligible for a $0.50 per hour savings account contribution. As a result of the 2018 Labor Agreements, the savings account contribution for each hour worked increased to $0.55 effective January 1, 2019, $0.60 effective January 1, 2020, and $0.65 effective January 1, 2021. As a result of the 2022 Labor Agreements, the savings account contribution for each hour worked increased to $0.75 effective January 1, 2023. These Company contributions for represented employees totaled $7 million, $5 million, and $4 million in 2023, 2022, and 2021, respectively.

Other post-employment benefits

The Company provides benefits to former or inactive employees after employment but before retirement. Certain benefits including workers' compensation and black lung benefits represent material obligations to the Company and under the guidance for nonretirement post-employment benefits, have historically been treated as accrued benefit obligations. Liabilities for these benefits recorded at December 31, 2023, totaled $91 million as compared to $88 million at December 31, 2022. Liability amounts were developed assuming a discount rate of 5.66% and 5.65% at December 31, 2023, and 2022. Net periodic benefit cost for these benefits is projected to be $17 million in 2024 compared to $24 million in 2023 and $(1) million in 2022.

Pension Funding

In March 2021, the American Rescue Plan Act (ARPA - H.R. 1319) further extended the pension relief interest rate corridor used to measure defined benefit pension obligations for calculating minimum annual contributions. The new interest rate formula results in higher interest rates for minimum funding calculations as compared to prior law over the next few years, which will improve the funded status of our main defined benefit pension plan and reduce minimum required contributions.

U. S. Steel will monitor the funded status of the plan to determine when voluntary contributions may be prudent in order to mitigate potentially larger mandatory contributions in later years.

19. Asset Retirement Obligations

U. S. Steel's asset retirement obligations (AROs) primarily relate to mine, landfill closure and post-closure costs. The following table reflects changes in the carrying values of AROs for the years ended December 31, 2023, and 2022:

	December 31,	
(In millions)	**2023**	**2022**
Balance at beginning of year	**$ 66**	$ 66
Additional obligations incurred	**12**	13
Obligations settled	**(1)**	(12)
Change in estimate of obligations	**—**	(5)
Foreign currency translation effects	**—**	—
Accretion expense	**2**	4
Balance at end of period	**$ 79**	$ 66

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

20. Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, current accounts and notes receivable, accounts payable and accrued interest included in the Consolidated Balance Sheet approximate fair value. See Note 16 for disclosure of U. S. Steel's derivative instruments, which are accounted for at fair value on a recurring basis.

Stelco Option for Minntac Mine Interest
On April 30, 2020, the Company entered into an Option Agreement with 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 paid the Company an aggregate amount of $100 million in five $20 million installments during the year-ended December 31, 2020, which are recorded net of transaction costs in the Consolidated Balance Sheet. 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.

Surplus VEBA assets
During the fourth quarter 2022, U. S. Steel and the USW agreed to utilize the overfunded OPEB plans to support the benefits provided to active represented employees. Beginning January 1, 2023, this agreement allows the Company to use a certain amount of surplus VEBA assets (the surplus amount) to pay for legally permissible benefits under Section 501(c)(9) of the Internal Revenue Code for active employees and retirees of the USW. The surplus amount of $595 million was determined as of December 31, 2022, and was the balance of VEBA assets in excess of 135% of the retiree obligation at that time. On January 1, 2023, a subaccount was created and consisted of a pro-rata share of the existing trust. On February 1, 2023, using January 31, 2023 asset values, a new investment strategy was implemented and comprised of existing investments from the VEBA trust and cash. On February 1, 2023, certain assets were transferred from the VEBA to the subaccount. The Company is permitted to withdraw a target of $75 million annually, with a guaranteed annual minimum of $50 million, on a quarterly pro rata basis, from the subaccount to cover the cost of the permissible benefits for active USW employees and USW retirees. The surplus VEBA assets subaccount portfolio consists of fixed income securities including corporate bonds, U.S. government bonds, and U.S. Treasury notes, in addition to alternatives including investments in private credit partnerships and real estate funds. A portion of the corporate bonds are classified as available-for-sale debt securities, with unrealized gains and losses reported in Accumulated other comprehensive loss. Upon sale, realized gains and losses are reported in earnings. All other investments in the subaccount are financial instruments measured at fair value or net asset value, with gains and losses recognized through net earnings and are reported as Net gain from investments related to active employee benefits on the Company's Consolidated Statements of Operations.

As of December 31, 2023, the fair value of the surplus VEBA assets subaccount portfolio was $570 million, with $89 million in Other current assets and $481 million in Other noncurrent assets on the Consolidated Balance Sheet. As of December 31, 2023, the value of the investment in corporate bonds classified as available-for-sale debt securities was $208 million.

During 2023, pretax net gains of $43 million and $7 million were recognized in Net gain from investments related to active employee benefits and in Accumulated other comprehensive income (loss), respectively.

The fair value of the subaccount portfolio by asset category as of December 31, 2023 was as follows (in millions):

	December 31, 2023				
	Level 1	Level 2	Level 3	measured at NAV [a]	Total
Asset Category					
Fixed Income					
Corporate bonds - U.S.	—	191	—	—	191
Corporate bonds - Non-U.S.	—	56	—	—	56
U.S. government bonds	—	86	—	—	86
Mortgage and asset-backed securities	—	12	—	—	12
Total fixed income	$ —	$ 345	$ —	$ —	$ 345
Alternatives					
Private credit partnerships	—	—	58	64	122
Other alternatives	—	—	—	18	18
Total alternatives	$ —	$ —	$ 58	$ 82	$ 140
Commingled Funds	—	—	—	61	61
Other [b]	25	—	(1)	—	24
Total assets at fair value	$ 25	$ 345	$ 57	$ 143	$ 570

[a] In accordance with ASC Topic 820, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy.

[b] Includes cash, accrued income, and miscellaneous payables.

The following table summarizes U. S. Steel's financial assets and liabilities that were not carried at fair value at December 31, 2023, and 2022.

	December 31, 2023		December 31, 2022	
(In millions)	Fair Value	Carrying Amount	Fair Value	Carrying Amount
Financial liabilities:				
Long-term debt [a]	**$ 4,797**	**$ 3,899**	$ 3,815	$ 3,701

[a] Excludes finance lease obligations.

The fair value of long-term debt was determined using Level 2 inputs which were derived from quoted market prices.

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

Financial guarantees are U. S. Steel's only unrecognized financial instrument. For details relating to financial guarantees see Note 26.

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21. Reclassifications from Accumulated Other Comprehensive Income (AOCI)

(In millions)	Pension and Other Benefit Items	Foreign Currency Items	Unrealized (Loss) Gain on Derivatives	Active Employee Benefit Investments	Total
Balance at December 31, 2021	$ (25)	$ 371	$ (15)	$ —	$ 331
Other comprehensive (loss) income before reclassifications	(292)	(91)	74	—	(309)
Amounts reclassified from AOCI [(a)]	(5)	—	(102)	—	(107)
Net current-period other comprehensive loss	(297)	(91)	(28)	—	(416)
Balance at December 31, 2022	$ (322)	$ 280	$ (43)	$ —	$ (85)
Other comprehensive income (loss) before reclassifications	**131**	**54**	**(77)**	**6**	**114**
Amounts reclassified from AOCI [(a)]	**(50)**	**—**	**68**	**(1)**	**17**
Net current-period other comprehensive income (loss)	**81**	**54**	**(9)**	**5**	**131**
Balance at December 31, 2023	**$ (241)**	**$ 334**	**$ (52)**	**$ 5**	**$ 46**

(a) See table below for further details.

Details about AOCI components [(a)]	**Amount reclassified from AOCI**		
(In millions)	**2023**	**2022**	**2021**
Amortization of pension and other benefit items			
Prior service credits [(a)]	**$ (6)**	$ (23)	$ (27)
Actuarial (gains) losses [(a)]	**(60)**	20	109
Settlements, termination and curtailment losses (gains) [(a)]	**1**	(3)	100
Total pensions and other benefits items	**(65)**	(6)	182
Derivative reclassifications to Consolidated Statements of Operations	**143**	(133)	105
Active employee benefit investment reclassifications to Consolidated Statements of Operations	**(1)**	—	—
Total before tax	**77**	(139)	287
Tax (benefit) provision	**(60)**	32	(72)
Net of tax	**$ 17**	$ (107)	$ 215

(a) These AOCI components are included in the computation of net periodic benefit cost (see Note 18 for additional details).

22. Supplemental Cash Flow Information

	Year Ended December 31,		
(In millions)	**2023**	**2022**	**2021**
Net cash used in operating activities included:			
Interest and other financial costs paid (net of amount capitalized)	**$ (68)**	$ (161)	$ (319)
Income taxes paid	**$ (86)**	$ (242)	$ (75)
Non-cash investing and financing activities:			
Change in accrued capital expenditures	**$ (2)**	$ 351	$ 40
U. S. Steel common stock issued for employee/non-employee director stock plans	**$ 45**	$ 46	$ 28
Capital expenditures funded by finance lease borrowings	**$ 90**	$ 52	$ 18
Export Credit Agreement (ECA) financing	**$ 5**	$ —	$ 23

23. Transactions with Related Parties

Related party sales and service transactions are primarily related to equity investees and were $2,015 million, $1,942 million, and $1,311 million in 2023, 2022, and 2021, respectively.

Accounts payable to related parties include balances due to PRO-TEC Coating Company (PRO-TEC) of $137 million and $142 million at December 31, 2023, and 2022, 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 and $1 million at December 31, 2023, and 2022, respectively.

Purchases from related parties for outside processing services provided by equity investees amounted to $26 million, $27 million, and $38 million during 2023, 2022, and 2021, respectively. Purchases of iron ore pellets from related parties amounted to $157 million, $131 million, and $111 million for the years ended December 31, 2023, 2022, and 2021, respectively.

24. Leases

Operating lease assets consist primarily of office space, heavy mobile equipment used in our mining operations and facilities and equipment under operating service agreements for electricity generation and scrap processing. We also have operating lease assets for light mobile equipment and information technology assets. The Company also has short-term leases related to transportation services for which we apply the short-term lease exception. Significant finance leases primarily consist of heavy mobile equipment used in our mining operations. Variable lease payments are primarily related to operating service agreements where payment is solely dependent on consumption of certain services, such as raw material and by-product processing. Most long-term leases include renewal options and, in certain leases, purchase options. Generally, we are not reasonably certain that these options will be exercised. We have residual value guarantees under certain light mobile equipment leases. There is no impact to our leased assets for residual value guarantees as the potential loss is not probable (see "Other Contingencies" in Note 26 for further details). We do not have material restrictive covenants associated with our leases or material amounts of sublease income. From time to time, U. S. Steel may enter into arrangements for the construction or purchase of an asset and then enter into a financing arrangement to lease the asset. U. S. Steel recognizes leased assets and liabilities under these arrangements when it obtains control of the asset.

The following table summarizes the lease amounts included in our Consolidated Balance Sheet as of December 31, 2023.

(In millions)	Balance Sheet Location	December 31, 2023	December 31, 2022
Assets			
Operating	Operating lease assets [a]	**$ 109**	$ 146
Finance	Property, plant and equipment [b]	**176**	126
Total Lease Assets		**$ 285**	$ 272
Liabilities			
Current			
Operating	Current operating lease liabilities	**$ 44**	$ 49
Finance	Current portion of long-term debt	**43**	25
Non-Current			
Operating	Noncurrent operating lease liabilities	**73**	105
Finance	Long-term debt less unamortized discount and issue costs	**137**	98
Total Lease Liabilities		**$ 297**	$ 277

[a] Operating lease assets are recorded net of accumulated amortization of $138 million and $142 million as of December 31, 2023, and December 31, 2022, respectively.
[b] Finance lease assets are recorded net of accumulated depreciation of $126 million and $86 million as of December 31, 2023, and December 31, 2022, respectively.

The following table summarizes lease costs included in our Consolidated Statement of Operations for the years ended December 31, 2023, December 31, 2022, and December 31, 2021.

(In millions)	Classification	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021
Operating Lease Cost [a]	Cost of sales	**$ 54**	$ 65	$ 69
Operating Lease Cost	Selling, general and administrative expenses	**15**	14	14
Finance Lease Cost				
Amortization	Depreciation, depletion and amortization	**42**	26	21
Interest	Interest expense	**11**	9	9
Total Lease Cost		**$ 122**	$ 114	$ 113

[a] Operating lease cost recorded in cost of sales includes $12 million of variable lease cost for both the years ended December 31, 2023, December 31, 2022. Operating lease cost recorded in cost of sales includes $11 million of variable lease cost for the year ended December 31, 2021. Operating lease cost recorded in selling, general and administrative expenses includes $1 million of variable lease cost for both the years ended December 31, 2023, and December 31, 2022. An immaterial amount of variable lease cost was included in cost of sales and selling, general and administrative expenses for the year ended December 31, 2021. $1 million of short-term lease cost is included in cost of sales and selling, general and administrative expenses for the years ended December 31, 2023, December 31, 2022, and December 31, 2021.

Lease liability maturities as of December 31, 2023, are shown below.

(In millions)	Operating	Finance	Total
2024	$ 50	$ 59	$ 109
2025	35	56	91
2026	23	49	72
2027	14	31	45
2028	7	12	19
After 2028	3	1	4
Total Lease Payments	**$ 132**	**$ 208**	**$ 340**
Less: Interest	15	28	43
Present value of lease liabilities	**$ 117**	**$ 180**	**$ 297**

Lease terms and discount rates are shown below.

	December 31, 2023
Weighted average lease term	
Finance	4 years
Operating	3 years
Weighted average discount rate	
Finance	5.84 %
Operating	6.93 %

Supplemental cash flow information related to leases is as follows:

(In millions)	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	**$ 55**	$ 66	$ 70
Operating cash flows from finance leases	**11**	9	9
Financing cash flows from finance leases	**34**	20	30
Right-of-use assets exchanged for lease liabilities:			
Operating leases	**14**	20	40
Finance leases	**90**	52	18

25. Restructuring and Other Charges

During 2023, the Company recorded restructuring and other charges of $36 million, which relate primarily to Company-wide headcount reductions. Cash payments were made related to severance and exit costs of approximately $75 million.

During 2022, the Company recorded restructuring and other charges of $48 million, which consists of charges of $30 million related to the planned disposition of a component within the Flat-Rolled segment, $23 million related to headcount reductions under a voluntary early retirement program (VERP) offered at USSK, a $9 million favorable adjustment to the expected exit costs of indefinitely idled facilities, and $4 million of severance-related charges at other facilities. Cash payments were made related to severance and exit costs of approximately $95 million.

During 2021, the Company recorded restructuring and other charges of $128 million, which consists of charges of $29 million for Great Lakes Works, charges of approximately $89 million related to the planned disposition of a component within the Flat-Rolled segment, and environmental-related charges at other facilities of $10 million. Cash payments were made related to severance and exit costs of approximately $58 million.

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

The activity in the accrued balances incurred in relation to restructuring during the years ended December 31, 2022, and December 31, 2023, were as follows:

(in millions)	Employee Related Costs	Exit Costs	Non-cash Charges	Total
Balance at December 31, 2021	$ 91	$ 149	$ —	$ 240
Additional charges	58	(10)	—	$ 48
Cash payments/utilization [a]	(17)	(89)	—	(106)
Balance at December 31, 2022	**$ 132**	**$ 50**	**$ —**	**$ 182**
Additional charges	**25**	**11**	**—**	**36**
Release of prior accruals and other adjustments [b]	**(2)**	**(1)**		**(3)**
Cash payments/utilization	**(45)**	**(30)**	**—**	**(75)**
Balance at December 31, 2023	**$ 110**	**$ 30**	**$ —**	**$ 140**

[a]$11 million, and $4 million of payments were made from the pension fund trust assets in the Employee Related Cost column during the years ended December 31, 2022, and 2023, respectively.
[b]Includes releases of accruals to reflect the current estimate of costs to complete approved restructuring programs.

26. Contingencies and Commitments

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

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

Asbestos matters – As of December 31, 2023, U. S. Steel was a defendant in approximately 915 active cases involving approximately 2,505 plaintiffs. The vast majority of these cases involve multiple defendants. About 1,545, or approximately 62 percent, of these plaintiff claims are currently pending in jurisdictions which permit filings with massive numbers of plaintiffs. At December 31, 2022, U. S. Steel was a defendant in approximately 920 cases involving approximately 2,510 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 year and the prior two years:

Period ended	Opening Number of Claims	Claims Dismissed, Settled and Resolved	New Claims	Closing Number of Claims
December 31, 2021	2,445	200	260	2,505
December 31, 2022	2,505	230	235	2,510
December 31, 2023	2,510	235	230	2,505

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. The Company engages an outside valuation consultant to assist in assessing its ability to estimate an accrual for unasserted claims. This assessment is based on the Company's settlement experience, including recent claims trends. This analysis focuses 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:

	Year Ended December 31,	
(In millions)	**2023**	**2022**
Beginning of period	**$ 126**	$ 158
Accruals for environmental remediation deemed probable and reasonably estimable	**15**	20
Adjustments for changes in estimates	**(11)**	3
Obligations settled	**(23)**	(55)
End of period	**$ 107**	$ 126

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

(In millions)	December 31, 2023	December 31, 2022
Accounts payable	**$ 27**	$ 32
Deferred credits and other noncurrent liabilities	**80**	94
Total	**$ 107**	$ 126

Expenses related to remediation are recorded in cost of sales and were $13 million and $21 million for the years ended December 31, 2023, and December 31, 2022, respectively. 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 10 to 15 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 two environmental remediation projects where additional costs for completion are not currently estimable, but could be material. These projects are at UPI formerly known as USS-POSCO Industries and the former steelmaking plant at Joliet, Illinois. As of December 31, 2023, accrued liabilities for these projects totaled $4 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 $8 million to $11 million.

(2) *Significant Projects with Defined Scope* – Projects with significant accrued liabilities with a defined scope. As of December 31, 2023, there are four significant projects with defined scope greater than or equal to $5 million each, with a total accrued liability of $60 million. These projects are: Gary Resource Conservation and Recovery Act (RCRA) (accrued liability of $23 million), Duluth Works (accrued liability of $11 million), Fairfield Works (accrued liability of $8 million) and the former Geneva facility (accrued liability of $18 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 four 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 December 31, 2023, was $6 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 December 31, 2023, was approximately $4 million. The Company does 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 December 31, 2023, and were based on known scopes of work.

Administrative and Legal Costs – As of December 31, 2023, U. S. Steel had an accrued liability of $9 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. Such capital expenditures totaled $70 million and $43 million In 2023 and 2022, 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.

European Union (the EU) Environmental Requirements - Phase IV of the EU Emissions Trading System (the EU ETS) commenced on January 1, 2021, and will finish on December 31, 2030. The European Commission issued final approval of the updated 2021-2025 Slovak National Allocation table in February 2022. The Slovak Ministry of Environment has allocated 6.2 million metric tons of European Union Emission Allowances (EUA) at no charge (free allowances or free allocation) to USSE in April 2023. As of December 31, 2023, we have pre-purchased and settled approximately 1.8 million EUA totaling €147 million (approximately $163 million) to cover the expected 2023 shortfall of emission allowances and a portion of the 2024 shortfall. In September and October 2023, we have also entered into forward agreements to purchase and settle €56.5 million of EUA in January and February 2024, for the anticipated 2024 shortfall.

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. Total capital expenditures for projects to go beyond BAT requirements were €138 million (approximately $153 million). These costs were partially offset by the EU funding received and may be mitigated over the next measurement periods if USSK complies with certain financial covenants, which are assessed annually. 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 50 percent of the EU funding received. USSK complied with these covenants as of December 31, 2023, and no additional collateral will be required by the end of June 30, 2024. By this next assessment date, we expect that two projects of the total fifteen will pass the sustainability monitoring and will be excluded from further assessment to provide additional collateral if the covenants are not met. The last assessment of financial covenants will be performed as of June 30, 2026.

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. 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 $107 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 December 31, 2023.

Other contingencies – Under certain finance 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 $12 million at December 31, 2023). No liability has been recorded for these guarantees as the potential loss is not probable.

The Company's BR2 project in Osceola, Arkansas qualifies for financing and related economic incentives associated with the acquisition, development, construction and operation of the facility. These incentives consist of advance lump-sum payments which are included in deferred credits and other noncurrent liabilities on the Consolidated Balance Sheet. In March 2022, the Company received a lump-sum payment of approximately $82 million as proceeds from the sale of a portion of expected future tax credits to be earned by the Company under the State of Arkansas's Recycling Tax Credit program. These funds are to be used primarily for the acquisition of project related equipment, however they may also be used for the training and development of new employees hired for the project. The Company is contingently liable for certain repayment penalties if the Company fails to meet certain employment requirements in any given period. In April 2022, the Company received a $3 million grant from Mississippi County, Arkansas, and in May 2022, the Company received a $50 million grant from the State of Arkansas Quick Action Closing Fund. Both grants pertain to the reimbursement of qualifying project costs. For each of these incentives and grants, the balance of deferred income will be recognized into Other gains, net in the accompanying Consolidated Statements of Operations on a systematic basis over the periods in which the Company earns the granted funds by complying with the investment and employment requirements of the grant programs.

We have incurred and expect to continue to incur significant expenses in connection with the pending Merger, including legal and investment banking fees. If the Merger is not consummated, we may under certain circumstances be required to pay to Purchaser a termination fee of $565 million.

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 $192 million as of December 31, 2023, 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 the 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 $40 million and $35 million at December 31, 2023, and December 31, 2022, respectively.

Capital Commitments – At December 31, 2023, U. S. Steel's contractual commitments to acquire property, plant and equipment totaled $1.48 billion.

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):

2024	2025	2026	2027	2028	Later years	Total
$515	$212	$178	$126	$73	$333	$1,437

The majority of U. S. Steel's unconditional purchase obligations relate to the supply of industrial gases, and certain energy and utility services with terms ranging from 16 months to 12 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 December 31, 2023, if U. S. Steel were to terminate the agreement, it may be obligated to pay in excess of $42 million.

In December 2023, we recognized liabilities of $86 million for unconditional purchase obligations as a result of the indefinite idling of Granite City Works.

Total payments relating to unconditional purchase obligations were approximately $787 million in 2023, $850 million in 2022, and $767 million in 2021.

27. Common Stock Issued and Repurchased

On October 25, 2021, the Board of Directors authorized a share repurchase program that allowed 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. On January 24, 2022, the Board of Directors authorized an additional $500 million under the share repurchase program.

On July 25, 2022, following the completion of the previously authorized $800 million share repurchase programs, the Board of Directors authorized a new share repurchase program that allows for the repurchase of up to $500 million of its outstanding common stock from time to time in the open market or privately negotiated transactions at the discretion of management. The Company's share repurchase program does not obligate it to acquire any specific number of shares.

U. S. Steel repurchased 7.1 million, 37.6 million, and 6.6 million shares of common stock for approximately $175 million, $849 million, and $150 million under these programs during 2023, 2022, and 2021, respectively. We do not expect to utilize the remainder of this authorization. The Merger Agreement prohibits us from engaging in additional share repurchases without the consent of Purchaser.

In February 2021, U. S. Steel issued 48.3 million shares of common stock for net proceeds of approximately $790 million.

FIVE-YEAR OPERATING SUMMARY (Unaudited)

(Thousands of tons, unless otherwise noted)	2023	2022	2021	2020	2019
Raw Steel Production					
Gary, IN	**5,587**	5,326	5,664	4,675	4,974
Great Lakes, MI	**—**	—	—	328	1,964
Mon Valley, PA	**2,650**	2,161	2,668	2,552	2,331
Granite City, IL	**1,162**	1,359	1,549	1,758	2,140
Total Flat-Rolled facilities	**9,399**	8,846	9,881	9,313	11,409
Mini Mill facility	**2,953**	2,650	2,688	—	—
U. S. Steel Košice	**4,395**	3,839	4,931	3,366	3,903
Tubular facility	**568**	634	464	16	—
Total	**17,315**	15,969	17,964	12,695	15,312
Raw Steel Capability					
Flat-Rolled	**13,200**	13,200	13,200	17,000	17,000
Mini Mill	**3,300**	3,300	3,300	—	—
USSE	**5,000**	5,000	5,000	5,000	5,000
Tubular [c]	**900**	900	900	900	—
Total	**22,400**	22,400	22,400	22,900	22,000
Production as % of total capability:					
Flat-Rolled	**71 %**	67 %	58 %	55 %	67 %
Mini Mill	**89 %**	80 %	81 %	— %	— %
USSE	**88 %**	77 %	99 %	67 %	78 %
Tubular [c]	**63 %**	70 %	52 %	7 %	— %
Coke Production					
Flat-Rolled	**3,295**	3,627	3,848	2,557	3,485
USSE	**1,485**	1,407	1,548	1,116	1,328
Total	**4,780**	5,034	5,396	3,673	4,813
Iron Ore Pellet Production [a]					
Total	**22,134**	22,059	23,369	16,981	21,450
Steel Shipments by Segment [b]					
Flat-Rolled	**8,706**	8,373	9,018	8,711	10,700
Mini Mill	**2,424**	2,287	2,230	—	—
USSE	**3,899**	3,759	4,302	3,041	3,590
Tubular	**478**	523	444	464	769
Total steel shipments	**15,507**	14,942	15,994	12,216	15,059
Average Realized Price (dollars per net ton)					
Flat-Rolled	**$ 1,030**	$ 1,261	$ 1,172	$ 718	$ 753
Mini Mill	**$ 875**	$ 1,134	$ 1,314	$ —	$ —
USSE	**$ 873**	$ 1,090	$ 966	$ 626	$ 652
Tubular	**$ 3,137**	$ 2,978	$ 1,696	$ 1,271	$ 1,450

(a) Includes our share of production from Hibbing.

(b) Does not include intersegment shipments or shipments by joint ventures and other equity investees of U. S. Steel. Includes shipments from U. S. Steel to joint ventures and equity investees of substrate materials, primarily hot-rolled and cold-rolled sheets.

(c) The Fairfield Electric Arc Furnace commenced operation in October 2020. The 2020 production as a % of total capability amount is based on an October 1, 2020, start date.

FIVE-YEAR OPERATING SUMMARY (Unaudited) (Continued)

(Thousands of net tons)	2023	2022	2021	2020	2019
Steel Shipments by Market - North American Facilities [(a)]					
Steel service centers	**2,622**	2,208	2,660	1,450	1,902
Further conversion:					
Trade customers	**2,669**	2,935	2,385	2,063	2,823
Joint ventures [(b)]	**211**	256	490	415	819
Transportation and automotive [(b)]	**2,893**	2,631	2,372	2,012	2,620
Construction and construction products	**1,422**	1,261	1,524	1,295	1,120
Containers and packaging	**571**	706	959	913	652
Appliances and electrical equipment	**507**	509	679	497	570
Oil, gas and petrochemicals	**447**	494	426	430	725
All other	**266**	183	197	100	238
Total	**11,608**	11,183	11,692	9,175	11,469
Steel Shipments by Market - USSE					
Steel service centers	**848**	839	995	690	740
Further conversion:					
Trade customers	**293**	289	314	202	214
Transportation and automotive	**636**	619	590	517	676
Construction and construction products	**1,319**	1,052	1,346	775	1,048
Containers and packaging	**312**	423	449	435	440
Appliances and electrical equipment	**172**	225	266	194	220
Oil, gas and petrochemicals	**—**	3	8	5	—
All other	**319**	309	334	223	252
Total	**3,899**	3,759	4,302	3,041	3,590

(a) Does not include shipments by joint ventures and other equity investees of U. S. Steel, but instead reflects the shipments of substrate materials, primarily hot-rolled and cold-rolled sheets, to those entities.

(b) PRO-TEC automotive substrate shipments are included in the Transportation and Automotive category.

FIVE-YEAR FINANCIAL SUMMARY (Unaudited) (Continued)

(Dollars in millions, except per share amounts)	2023	2022	2021	2020	2019
Net sales by segment:					
Flat-Rolled	**$ 11,109**	$ 12,872	$ 12,358	$ 7,279	$ 9,560
Mini Mill	**2,678**	3,047	3,516	—	—
USSE	**3,550**	4,256	4,266	1,970	2,420
Tubular	**1,552**	1,616	809	646	1,191
Total reportable segments	**$ 18,889**	$ 21,791	$ 20,949	$ 9,895	$ 13,171
Other	**10**	9	101	162	168
Intersegment sales	**(846)**	(735)	(775)	(316)	(402)
Total	**$ 18,053**	$ 21,065	$ 20,275	$ 9,741	$ 12,937
Segment earnings (loss) before interest and income taxes:					
Flat-Rolled	**$ 418**	$ 1,951	$ 2,630	$ (596)	$ 196
Mini Mill	**215**	481	1,206	—	—
USSE	**4**	444	975	9	(57)
Tubular	**589**	544	1	(179)	(67)
Total reportable segments	**$ 1,226**	$ 3,420	$ 4,812	$ (766)	$ 72
Other	**(3)**	22	(11)	(39)	23
Items not allocated to segments [a]	**(424)**	(282)	145	(270)	(325)
Total earnings (loss) before interest and income taxes	**$ 799**	$ 3,160	$ 4,946	$ (1,075)	$ (230)
Net interest and other financial costs	**(248)**	(99)	602	232	222
Income tax expense (benefit)	**152**	735	170	(142)	178
Net earnings (loss) attributable to United States Steel Corporation	**$ 895**	$ 2,524	$ 4,174	$ (1,165)	$ (630)
Per common share:					
- Basic	**$ 3.98**	$ 10.22	$ 15.77	$ (5.92)	$ (3.67)
- Diluted	**$ 3.56**	$ 9.16	$ 14.88	$ (5.92)	$ (3.67)

[a] See Note 4 to the Consolidated Financial Statements.