

UNITED STATES STEEL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in millions, except per share amounts)	Year Ended December 31,		
	2019	2018	2017
Net sales:			
Net sales	\$ 11,506	\$ 12,758	\$ 11,046
Net sales to related parties (Note 23)	1,431	1,420	1,204
Total (Note 6)	12,937	14,178	12,250
Operating expenses (income):			
Cost of sales (excludes items shown below)	12,082	12,305	10,858
Selling, general and administrative expenses	289	336	320
Depreciation, depletion and amortization (Notes 13 and 14)	616	521	501
Earnings from investees (Note 12)	(79)	(61)	(44)
Gain on equity investee transactions (Note 12)	—	(38)	(2)
Gain associated with U. S. Steel Canada Inc. (Note 5)	—	—	(72)
Restructuring and other charges (Note 25)	275	—	31
Net gain on disposals of assets	(1)	(6)	(5)
Other income, net	(15)	(3)	(6)
Total	13,167	13,054	11,581
(Loss) earnings before interest and income taxes	(230)	1,124	669
Interest expense	142	168	226
Interest income	(17)	(23)	(17)
Loss on debt extinguishment (Note 7)	—	98	54
Other financial costs	6	—	44
Net periodic benefit cost (other than service cost) (Note 3) ^(a)	91	69	61
Net interest and other financial costs (Note 7)	222	312	368
(Loss) earnings before income taxes	(452)	812	301
Income tax provision (benefit) (Note 11)	178	(303)	(86)
Net (loss) earnings	(630)	1,115	387
Less: Net earnings attributable to noncontrolling interests	—	—	—
(Loss) earnings attributable to United States Steel Corporation	\$ (630)	\$ 1,115	\$ 387
(Loss) earnings per common share (Note 8)			
(Loss) earnings per share attributable to United States Steel Corporation stockholders:			
— Basic	\$ (3.67)	\$ 6.31	\$ 2.21
— Diluted	\$ (3.67)	\$ 6.25	\$ 2.19

^(a) Represents postretirement benefit expense as a result of the adoption of Accounting Standards Update 2017-07, *Compensation - Retirement Benefits* on January 1, 2018 (see Note 3 for further details).

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

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

(Dollars in millions)	Year Ended December 31,		
	2019	2018	2017
Net (loss) earnings	\$ (630)	\$ 1,115	\$ 387
Other comprehensive income (loss), net of tax:			
Changes in foreign currency translation adjustments ^(a)	(22)	(60)	189
Changes in pension and other employee benefit accounts ^(a)	573	(107)	462
Changes in derivative financial instruments ^(a)	(3)	(14)	1
Total other comprehensive income (loss), net of tax	548	(181)	652
Comprehensive income including noncontrolling interest	(82)	934	1,039
Comprehensive income attributable to noncontrolling interest	—	—	—
Comprehensive income attributable to United States Steel Corporation	\$ (82)	\$ 934	\$ 1,039
^(a) Related income tax benefit (provision)			
Foreign currency translation adjustments ^(b)	\$ 6	\$ —	\$ —
Pension and other benefits adjustments ^(b)	(191)	—	—
Derivative adjustments ^(b)	1	—	—

^(b) Amounts for 2018 and 2017 do not reflect a tax benefit as a result of a full valuation allowance on our domestic deferred tax assets.

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

UNITED STATES STEEL CORPORATION
CONSOLIDATED BALANCE SHEETS

(Dollars in millions)	December 31,	
	2019	2018
Assets		
Current assets:		
Cash and cash equivalents (Note 9)	\$ 749	\$ 1,000
Receivables, less allowance of \$28 and \$29	956	1,435
Receivables from related parties (Note 23)	221	224
Inventories (Note 10)	1,785	2,092
Other current assets	102	79
Total current assets	3,813	4,830
Long-term restricted cash (Note 9)	188	37
Investments and long-term receivables, less allowance of \$5 in both periods (Note 12)	1,466	513
Operating lease assets (Note 24)	230	—
Property, plant and equipment, net (Note 13)	5,447	4,865
Intangibles — net (Note 14)	150	158
Deferred income tax benefits (Note 11)	19	445
Other noncurrent assets	295	134
Total assets	\$ 11,608	\$ 10,982
Liabilities		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 1,970	\$ 2,454
Accounts payable to related parties (Note 23)	84	81
Payroll and benefits payable	336	440
Accrued taxes	116	118
Accrued interest	45	39
Current operating lease liabilities (Note 24)	60	—
Short-term debt and current maturities of long-term debt (Note 17)	14	65
Total current liabilities	2,625	3,197
Noncurrent operating lease liabilities (Note 24)	177	—
Long-term debt, less unamortized discount and debt issuance costs (Note 17)	3,627	2,316
Employee benefits (Note 18)	532	980
Deferred income tax liabilities (Note 11)	4	14
Deferred credits and other noncurrent liabilities	550	272
Total liabilities	7,515	6,779
Contingencies and commitments (Note 26)		
Stockholders' Equity		
Common stock issued — 178,555,206 and 177,386,430 shares issued (par value \$1 per share, authorized 400,000,000 shares) (Note 8)	179	177
Treasury stock, at cost (8,509,337 shares and 2,857,578 shares)	(173)	(78)
Additional paid-in capital	4,020	3,917
Retained earnings	544	1,212
Accumulated other comprehensive loss (Note 21)	(478)	(1,026)
Total United States Steel Corporation stockholders' equity	4,092	4,202
Noncontrolling interests	1	1
Total liabilities and stockholders' equity	\$ 11,608	\$ 10,982

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

UNITED STATES STEEL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in millions)	Year Ended December 31,		
	2019	2018	2017
Increase (decrease) in cash and cash equivalents			
Operating activities:			
Net (loss) earnings	\$ (630)	\$ 1,115	\$ 387
Adjustments to reconcile net cash provided by operating activities:			
Depreciation, depletion and amortization (Notes 13 and 14)	616	521	501
Gain associated with retained interest in U. S. Steel Canada Inc. (Note 5)	—	—	(72)
Gain on equity investee transactions (Note 12)	—	(38)	(2)
Restructuring and other charges (Note 25)	275	—	31
Loss on debt extinguishment (Note 7)	—	98	54
Pensions and other post-employment benefits	101	77	(16)
Deferred income taxes (Note 11)	202	(329)	(72)
Net gain on disposal of assets	(1)	(6)	(5)
Equity investees earnings, net of distributions received	(74)	(47)	(32)
Changes in:			
Current receivables	453	(312)	(36)
Inventories	296	(374)	(117)
Current accounts payable and accrued expenses	(473)	282	225
Income taxes receivable/payable	13	(8)	(52)
All other, net	(96)	(41)	32
Net cash provided by operating activities	682	938	826
Investing activities:			
Capital expenditures	(1,252)	(1,001)	(505)
Investment in Big River Steel	(710)	—	—
Disposal of assets	4	10	5
Proceeds from sale of ownership interests in equity investees	—	30	116
Investments, net	—	(2)	(2)
Net cash used in investing activities	(1,958)	(963)	(386)
Financing activities:			
Revolving credit facilities - borrowings, net of financing costs	860	228	—
Revolving credit facilities - repayments	(100)	—	—
Issuance of long-term debt, net of financing costs (Note 17)	702	640	737
Repayment of long-term debt (Note 17)	(155)	(1,299)	(1,127)
Common stock repurchased (Note 27)	(88)	(75)	—
Receipts from exercise of stock options (Note 15)	—	35	20
Taxes paid for equity compensation plans (Note 15)	(7)	(8)	(10)
Dividends paid	(35)	(36)	(35)
Net cash provided by (used in) financing activities	1,177	(515)	(415)
Effect of exchange rate changes on cash	(2)	(17)	17
Net (decrease) increase in cash, cash equivalents and restricted cash	(101)	(557)	42
Cash, cash equivalents and restricted cash at beginning of year (Note 9)	1,040	1,597	1,555
Cash, cash equivalents and restricted cash at end of year (Note 9)	\$ 939	\$ 1,040	\$ 1,597

See Note 22 for supplemental cash flow information.

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