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Earnings Highlights

(Dollars in millions, except per share amounts)

	2Q 2017	1Q 2017	2Q 2016
<b>Net Sales</b>	<b>\$ 3,144</b>	<b>\$ 2,725</b>	<b>\$ 2,584</b>
<b>Segment earnings (loss) before interest and income taxes</b>			
Flat-Rolled	\$ 218	\$ (90)	\$ 6
U. S. Steel Europe	55	87	55
Tubular	(29)	(57)	(78)
Other Businesses	9	13	10
<b>Total segment earnings (loss) before interest and income taxes</b>	<b>\$ 253</b>	<b>\$ (47)</b>	<b>\$ (7)</b>
Postretirement benefit (expense) income	(12)	(16)	12
Other items not allocated to segments	72	(35)	23
<b>Earnings (loss) before interest and income taxes</b>	<b>\$ 313</b>	<b>\$ (88)</b>	<b>\$ 28</b>
<b>Net interest and other financial costs</b>	<b>68</b>	<b>63</b>	<b>81</b>
<b>Income tax (benefit) provision</b>	<b>(16)</b>	<b>19</b>	<b>(6)</b>
<b>Less: Net earnings attributable to the noncontrolling interests</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net earnings (loss) attributable to United States Steel Corporation</b>	<b>\$ 261</b>	<b>\$ (180)</b>	<b>\$ (46)</b>
<b>-Earnings (loss)</b>			

Segment earnings before interest and income taxes were \$253 million, or \$66 per ton, for the second quarter of 2017 compared with segment loss before interest and income taxes of \$47 million, or \$13 per ton, in the first quarter of 2017 and a segment loss before interest and income taxes of \$7 million, or \$2 per ton, in the second quarter of 2016. For the second quarter of 2017, we recorded a tax benefit of \$16 million on our pretax earnings of \$245 million.

We had positive operating cash flow of \$242 million for the six months ended June 30, 2017. As of June 30, 2017, we had \$1.5 billion of cash and \$3.3 billion of total liquidity, our highest liquidity since the separation from Marathon Oil at the end of 2001.

### Segment Analysis

Second quarter results for our Flat-Rolled segment improved significantly compared with the first quarter, primarily due to higher results from our mining operations and a second consecutive quarter of increasing average realized prices and shipments. The higher results from our mining operations reflect the benefits from the restart of our Keetac facility to support third-party pellet sales, as well as normal seasonal improvements.

Second quarter results for our Energy segment improved compared with the first quarter due to an increase in average realized prices and shipments.

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If market conditions remain at their current levels, we expect:

- 2017 net earnings of approximately \$300 million, or \$1.70 per share, and consolidated adjusted EBITDA of approximately \$1.1 billion;

EBITDA by Segment;

Flat-Rolled EBITDA of approximately \$750 million;

U. S. Steel Europe EBITDA of approximately \$400 million;

Tubular EBITDA of approximately (\$50) million; and

- Other Businesses to be comparable to 2016 and approximately \$60 million of postretirement benefit expense

We believe market conditions, which include spot prices, raw material costs, customer demand, import volumes, supply chain inventories, rig counts and energy prices, will change, and as changes occur during the balance of 2017, we expect these changes to be reflected in our net earnings and adjusted EBITDA.

Please refer to the non-GAAP Financial Measures section of this document for the reconciliation of Outlook net earnings to consolidated Outlook adjusted EBITDA and Outlook segment earnings (loss) before interest and income taxes to segment Outlook EBITDA.

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We present adjusted net earnings (loss), adjusted net earnings (loss) per diluted share, earnings (loss) before interest, income taxes, depreciation and amortization (EBITDA) and adjusted EBITDA, which are non-GAAP measures, as additional measurements to enhance the understanding of our operating performance.

We believe that EBITDA, considered along with net earnings (loss), is a relevant indicator of trends relating to cash generating activity and provides management and investors with additional information for comparison of our operating results to the operating results of other companies.

Adjusted net earnings (loss) and adjusted net earnings (loss) per diluted share are non-GAAP measures that exclude the effects of gains (losses) associated with our retained interest in U. S. Steel Canada Inc., restructuring charges and impairment charges that are not part of the Company's core operations. Adjusted EBITDA is also a non-GAAP measure that excludes the effects of gains (losses) associated with our retained interest in U. S. Steel Canada Inc., restructuring charges and impairment charges. We present adjusted net earnings (loss), adjusted net earnings (loss) per diluted share and adjusted EBITDA to enhance the understanding of our ongoing operating performance and established trends affecting our core operations,

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particularly cash generating activity, by excluding the effects of gains (losses) associated with our retained interest in U. S. Steel Canada Inc., restructuring charges and impairment charges that can obscure underlying trends. U. S. Steel's management considers adjusted net earnings (loss), adjusted net earnings (loss) per diluted share and adjusted EBITDA useful to investors by facilitating a comparison of our operating performance to the operating performance of our competitors, many of which use adjusted net earnings (loss), adjusted net earnings (loss) per diluted share and adjusted EBITDA as alternative measures of operating performance. Additionally, the presentation of adjusted net earnings (loss), adjusted net earnings (loss) per diluted share and adjusted EBITDA provides insight into management's view and assessment of the Company's ongoing operating performance, because management does not consider the adjusting items when evaluating the Company's financial performance or in preparing the Company's annual financial Outlook. Adjusted net earnings (loss), adjusted net earnings (loss) per diluted share and adjusted EBITDA should not be considered a substitute for net earnings (loss), earnings (loss) per diluted share or other financial measures as computed in accordance with U.S. GAAP and is not necessarily comparable to similarly titled measures used by other companies.

A consolidated statement of operations (unaudited), consolidated cash flow statement (unaudited), condensed consolidated balance sheet (unaudited) and preliminary supplemental statistics (unaudited) for U. S. Steel are attached.

The Company will conduct a conference call on second quarter earnings on Wednesday, July 26, at 8:30 a.m. Eastern Daylight. To listen to the webcast of the conference call, visit the U. S. Steel website, [www.ussteel.com](http://www.ussteel.com), and click on the "Investors" section.

For more information on U. S. Steel, visit our website at [www.ussteel.com](http://www.ussteel.com).

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This release contains information that may constitute "forward-looking statements" within the meaning of Section 27 of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend the forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in those sections. Generally, we have identified such forward-looking statements by using the words "believe," "expect," "intend," "estimate," "anticipate," "project," "target," "forecast," "aim," "should," "will" and similar expressions or by using future dates in connection with any discussion of, among other things, operating performance, trends, events or developments that we expect or anticipate will occur in the future, statements relating to volume growth, share of sales and earnings per share growth, and statements expressing general views about future operating results. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. Forward-looking statements are not historical facts, but instead represent only the Company's beliefs regarding future events, many of which, by their nature, are inherently uncertain and outside of the Company's control. It is possible that the Company's actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements. Management believes that these forward-looking statements are reasonable as of the time made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. Our Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our Company's historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to the risks and uncertainties described in "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2016, and those described from time to time in our future reports filed with the Securities and Exchange Commission.

References to "we," "us," "our," the "Company," and "U. S. Steel," refer to United States Steel Corporation and its consolidated subsidiaries.

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**UNITED STATES STEEL CORPORATION**  
RECONCILIATION OF ANNUAL ADJUSTED EBITDA OUTLOOK

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Year Ended  
Dec. 31

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