

UNITED STATES STEEL CORP
Form 10-Q
July 27, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended June 30, 2010

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

(Exact name of registrant as specified in its charter)

Delaware
(State or other
jurisdiction of
incorporation)

1-16811
(Commission
File Number)

25-1897152
(IRS Employer
Identification No.)

600 Grant Street, Pittsburgh, PA
(Address of principal executive offices)

(412) 433-1121

15219-2800
(Zip Code)

(Registrant's telephone number,
including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

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

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

Yes No

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

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UNITED STATES STEEL CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited)

(Dollars in millions, except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Net sales:				
Net sales	\$ 4,283	\$ 1,991	\$ 7,898	\$ 4,596
Net sales to related parties (Note 21)	398	136	679	281
Total	4,681	2,127	8,577	4,877
Operating expenses (income):				
Cost of sales (excludes items shown below)	4,184	2,340	7,823	5,347
Selling, general and administrative expenses	152	154	300	297
Depreciation, depletion and amortization (Note 6)	162	159	327	317
(Income) loss from investees	(9)	10	(4)	31
Net gain on disposal of assets (Notes 4 and 22)	(2)	(36)	(5)	(133)
Other income, net (Note 8)	(4)	(35)	(5)	(39)
Total	4,483	2,592	8,436	5,820
Income (loss) from operations	198	(465)	141	(943)
Interest expense	52	38	95	74
Interest income	(1)	(1)	(4)	(3)
Other financial costs (income) (Note 9)	99	(28)	167	9
Net interest and other financial costs	150	9	258	80
Income (loss) before income taxes	48	(474)	(117)	(1,023)
Income tax provision (benefit) (Note 11)	72	(82)	65	(192)
Net loss	(24)	(392)	(182)	(831)
Less: Net income attributable to noncontrolling interests	1	-	-	-
Net loss attributable to United States Steel Corporation	\$ (25)	\$ (392)	\$ (182)	\$ (831)
Loss per common share (Note 12):				
Net loss per share attributable to United States Steel Corporation shareholders:				
- Basic	\$ (0.17)	\$ (2.92)	\$ (1.27)	\$ (6.63)
- Diluted	\$ (0.17)	\$ (2.92)	\$ (1.27)	\$ (6.63)

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

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(Dollars in millions)	(Unaudited) June 30, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 947	\$ 1,218
Receivables, less allowance of \$42 and \$39	2,171	1,423
Receivables from related parties (Note 21)	191	144
Inventories (Note 13)	2,012	1,679
Income tax receivable (Note 11)	21	214
Deferred income tax benefits (Note 11)	298	299
Other current assets	169	38
Total current assets	5,809	5,015
Property, plant and equipment	15,474	16,030
Less accumulated depreciation and depletion	9,271	9,210
Total property, plant and equipment, net	6,203	6,820
Investments and long-term receivables, less allowance of \$21 and \$22	647	695
Intangibles net (Note 6)	276	281
Goodwill (Note 6)	1,730	1,725
Assets held for sale (Note 5)	33	33
Deferred income tax benefits (Note 11)	425	535
Other noncurrent assets	295	318
Total assets	\$ 15,418	\$ 15,422
Liabilities		
Current liabilities:		
Accounts payable	\$ 1,836	\$ 1,396
Accounts payable to related parties (Note 21)	65	61
Bank checks outstanding	13	23
Payroll and benefits payable	754	854
Accrued taxes (Note 11)	159	89
Accrued interest	44	32
Short-term debt and current maturities of long-term debt (Note 15)	21	19
Total current liabilities	2,892	2,474
Long-term debt, less unamortized discount (Note 15)	3,639	3,345
Employee benefits	3,986	4,143
Deferred credits and other noncurrent liabilities	451	481
Total liabilities	10,968	10,443
Contingencies and commitments (Note 22)		
Stockholders Equity (Note 20):		
Common stock (150,925,911 shares issued) (Note 12)	151	151
Treasury stock, at cost (7,364,202 and 7,575,724 shares)	(588)	(608)
Additional paid-in capital	3,637	3,652
Retained earnings	4,012	4,209
Accumulated other comprehensive loss	(2,763)	(2,728)

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Total United States Steel Corporation stockholders' equity	4,449	4,676
Noncontrolling interests (Note 2)	1	303
Total liabilities and stockholders' equity	\$ 15,418	\$ 15,422

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

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UNITED STATES STEEL CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

(Dollars in millions)	Six Months Ended June 30,	
	2010	2009
Increase (decrease) in cash and cash equivalents		
Operating activities:		
Net loss	\$ (182)	\$ (831)
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation, depletion and amortization <i>(Note 6)</i>	327	317
Provision for doubtful accounts	7	5
Pensions and other postretirement benefits	(164)	1
Deferred income taxes	41	(248)
Net gain on disposal of assets <i>(Notes 4 and 22)</i>	(5)	(133)
Distributions received, net of equity investees income	1	40
Changes in:		
Current receivables	(882)	1,157
Inventories	(421)	718
Current accounts payable and accrued expenses	609	(585)
Income taxes receivable/payable <i>(Note 11)</i>	237	(76)
Bank checks outstanding	(9)	(1)
Foreign currency translation of operating items	157	(36)
All other, net	(64)	33
Net cash (used in) provided by operating activities	(348)	361
Investing activities:		
Capital expenditures	(242)	(206)
Capital expenditures variable interest entities <i>(Note 17)</i>	-	(93)
Disposal of assets	80	