



United States Steel



# United States Steel Corporation

Goldman Sachs

Fifth Annual Global Steel Conference

December 2009

© 2009 United States Steel Corporation



# Forward-looking Statements

## Forward Looking Statements

This presentation contains forward-looking statements with respect to market conditions, operating costs, shipments and prices. U. S. Steel has been, and we expect will continue to be, negatively impacted by the current global credit and economic problems. U. S. Steel cannot control or predict the extent and timing of economic recovery. When a recovery occurs, U. S. Steel will incur costs to restart idled facilities and to rebuild working capital, but we cannot accurately forecast the amount of such costs. Other more normal factors that could affect market conditions, costs, shipments and prices for both North American operations and USSE include global product demand, prices and mix; global and company steel production levels; plant operating performance; the timing and completion of facility projects; natural gas and electricity prices, usage and availability; raw materials and transportation prices and availability; international trade developments; the impact of fixed prices in energy and raw materials contracts (many of which have terms of one year or longer) as compared to short-term contract and spot prices of steel products; changes in environmental, tax, pension and other laws; the terms of collective bargaining agreements including any successor to the labor agreement covering our Lake Erie Works operations; employee strikes or other labor issues; power outages; and U.S. and global economic performance and political developments. Domestic steel shipments and prices could be affected by import levels and actions taken by the U.S. Government and its agencies, including those related to CO2 emissions and climate change. Economic conditions and political factors in Europe and Canada that may affect USSE's and USSC's results include, but are not limited to, taxation, nationalization, inflation, currency fluctuations, government instability, political unrest, regulatory changes, export quotas, tariffs, and other protectionist measures. In accordance with "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, cautionary statements identifying important factors, but not necessarily all factors, that could cause actual results to differ materially from those set forth in the forward-looking statements have been included in U. S. Steel's Annual Report on Form 10-K for the year ended December 31, 2008, and in subsequent filings for U. S. Steel.



## The Steel Industry in Context

- The steel industry experienced a strong cycle over the past 5 years
  - U. S. Steel had record earnings in 2008
- In 2008, the sector was affected by the swift and severe impact of the global recession
- United States industry-wide utilization rates had declined from approximately 90% during most of 2008 to 42% in the first quarter of 2009, and are currently at 63%
- Implied end use consumption is unsustainably low at current levels of apparent demand
  - Implied consumption in the U.S. is comparable to under-developed economies or mature and less industrialized EU economies prior to the downturn

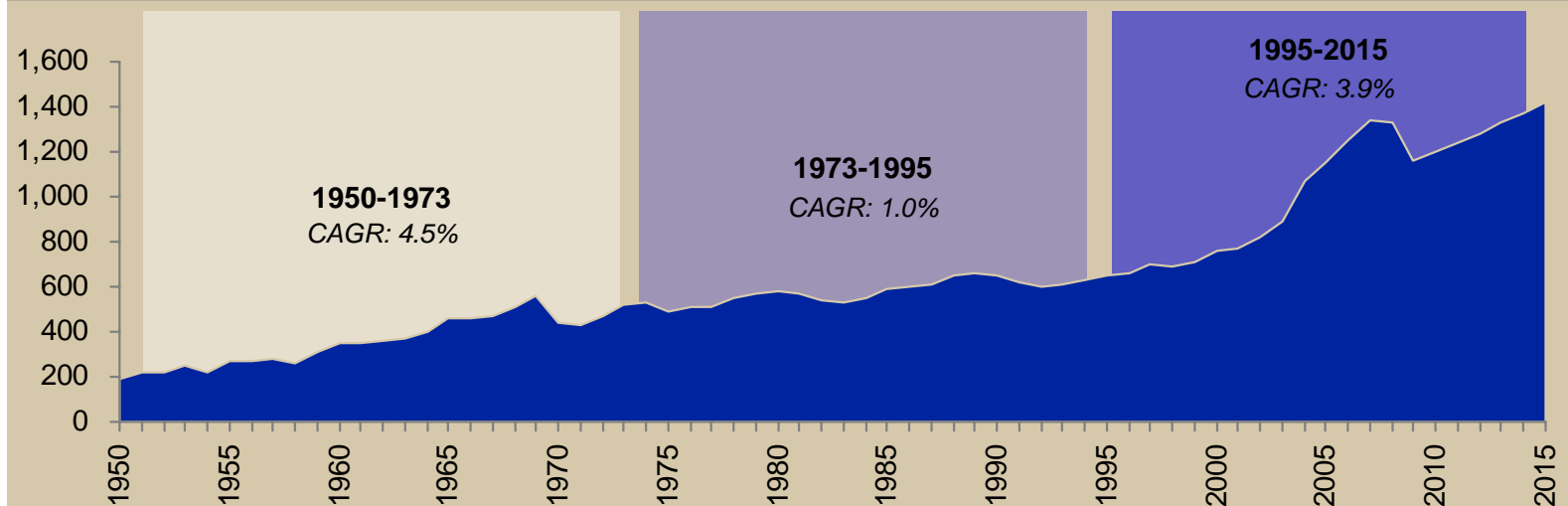




# Global Leader in a Growing Industry

- 10th largest global steel producer
- 2nd largest North American flat-rolled producer
- 2nd largest Central European flat-rolled producer
- Largest North American tubular producer

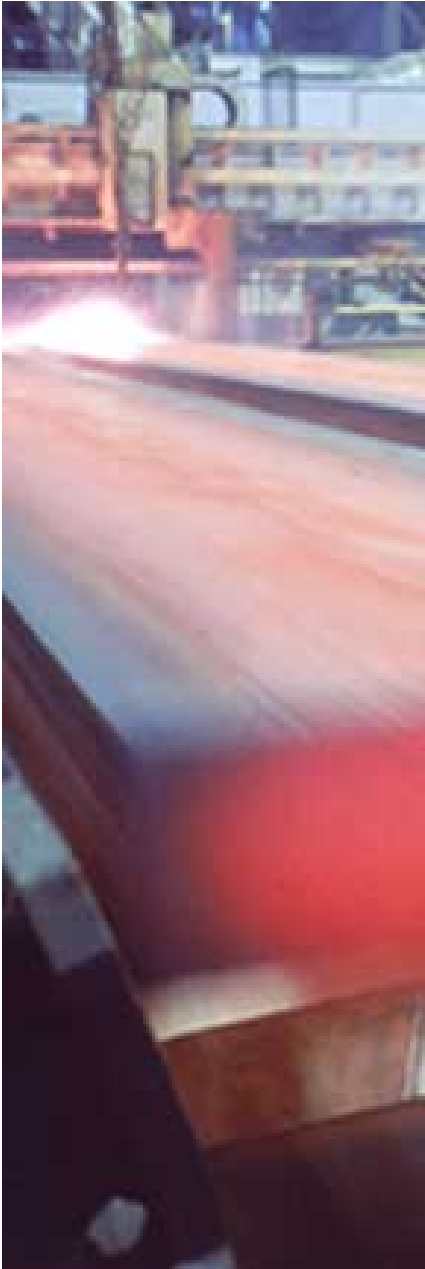
World steel demand (mm tonnes)



Source: WSA, AME, Metal Strategies; Data published as of April 2009



# Leader in Industry Restructuring and Consolidation



- Global growth in emerging markets
  - 2000: VSZ (Slovakia)
  - 2003: Sartid (Serbia)
- Increased scale and product leadership
  - 2003: National Steel Corporation
  - 2007: Stelco and Lone Star
- Product and end-market diversification
  - 2007: Lone Star
- Significant efficiency gains achieved
  - National: Over \$400 million in annual synergies
  - Lone Star: Over \$100 million in annual synergies
  - Stelco: Over \$100 million in annual synergies
- Transformational U.S. labor agreement
  - 2003:
    - Reduced manning requirements
    - Restructured pension and healthcare benefits
    - Restructured profit sharing

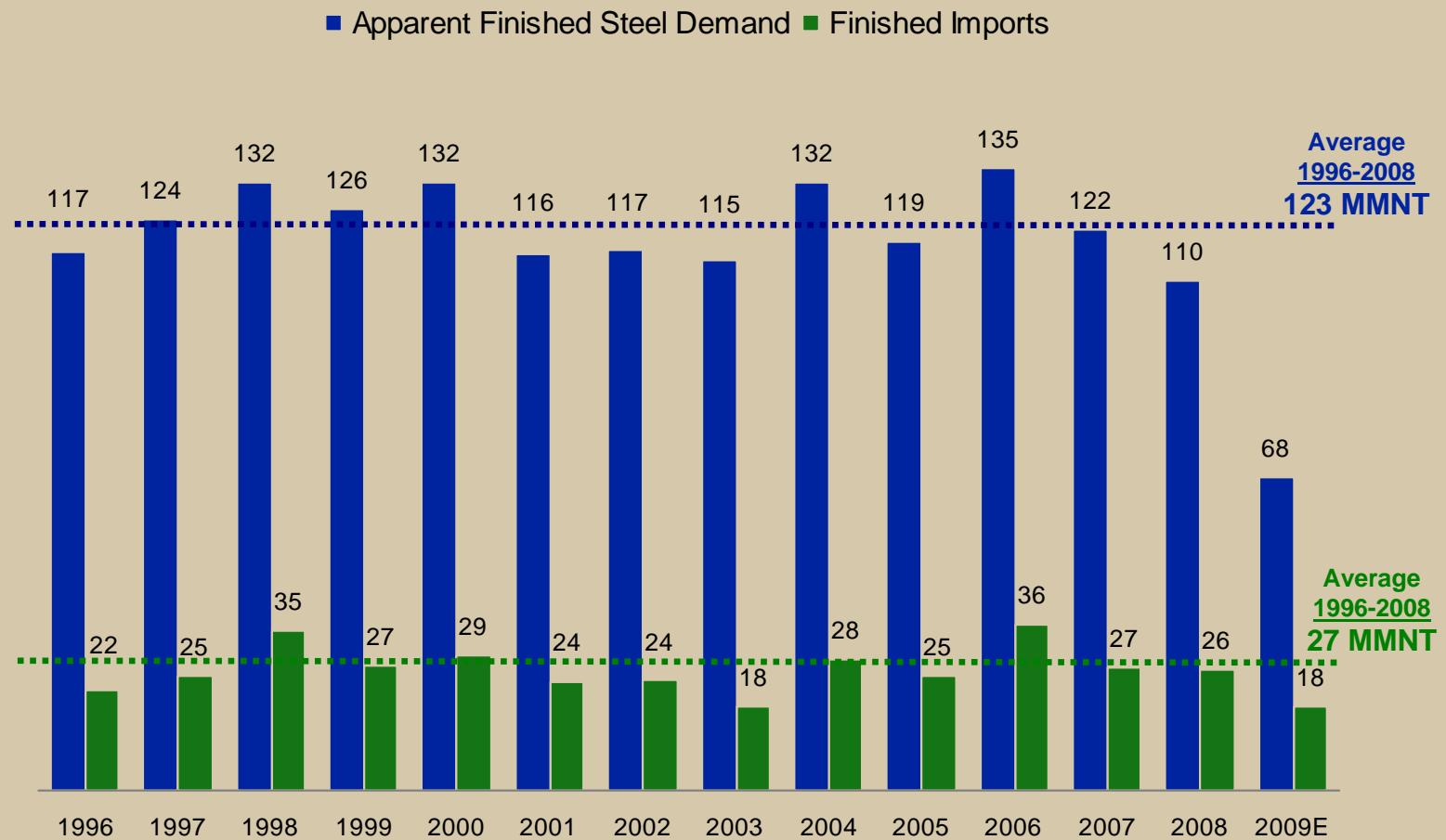


# U.S. Demand and Imports



The U.S. remains a net importer of steel

U.S. steel demand (MMNT)



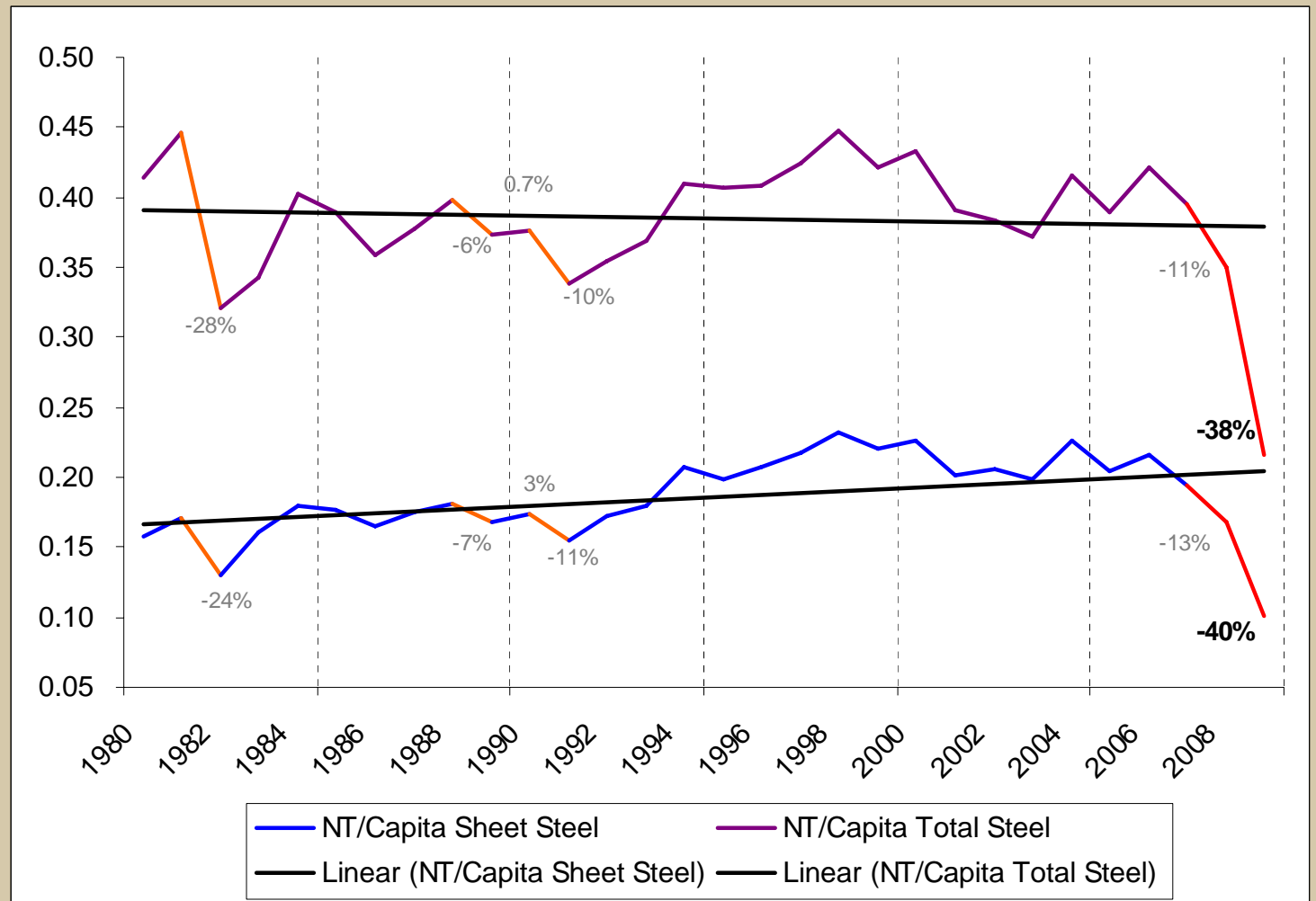
Source: AISI (1996-2008); WSA (2009E)



# Steel Consumption Trends



## United States Per Capita Consumption



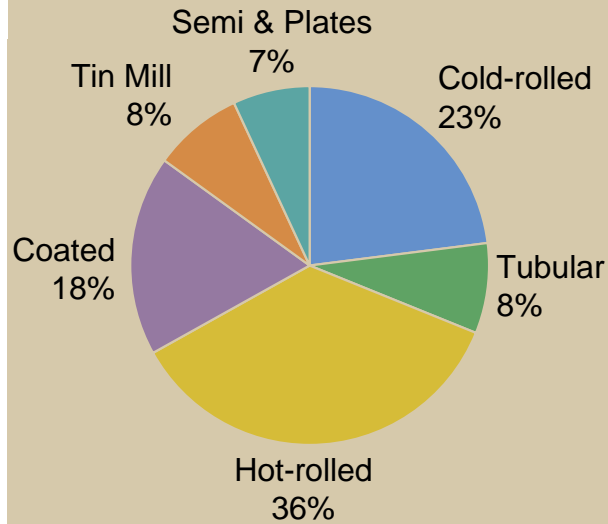
Source: U.S.Census, AISI and USS internal analysis.



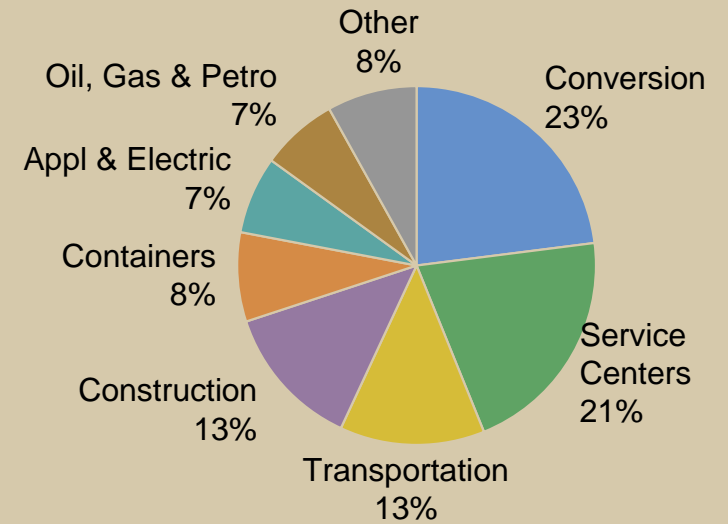
# Balanced Business Mix



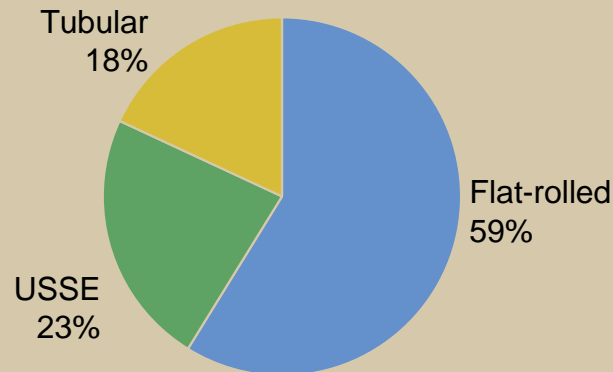
### Steel Shipments by Product (2008)



### Steel Shipments by Market (2008)

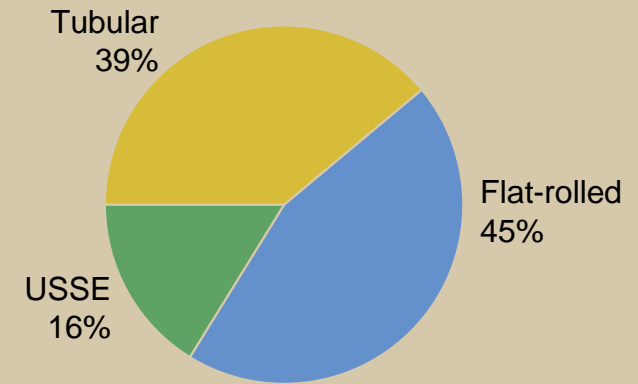


### FYE 2008 Revenue



**Total = \$23,527mm<sup>1</sup>**

### FYE 2008 Operating Income



**Total = \$3,088mm<sup>2</sup>**

Source: 2008 U. S. Steel Form 10-K

<sup>1</sup> Excludes Other Business revenue of \$227 million <sup>2</sup> Excludes \$77 million not in reportable segments



# Strong Market Share in Value-Added Products



## Market Position

- Automotive
  - Major supplier to all North American producers
- Appliances
  - Major supplier to North American producers
- Tin mill products
  - Largest tin mill products producer
- Value-added construction
  - Strong position
- Tubular products
  - Largest North American tubular producer
  - Largest seamless size range

## Significance

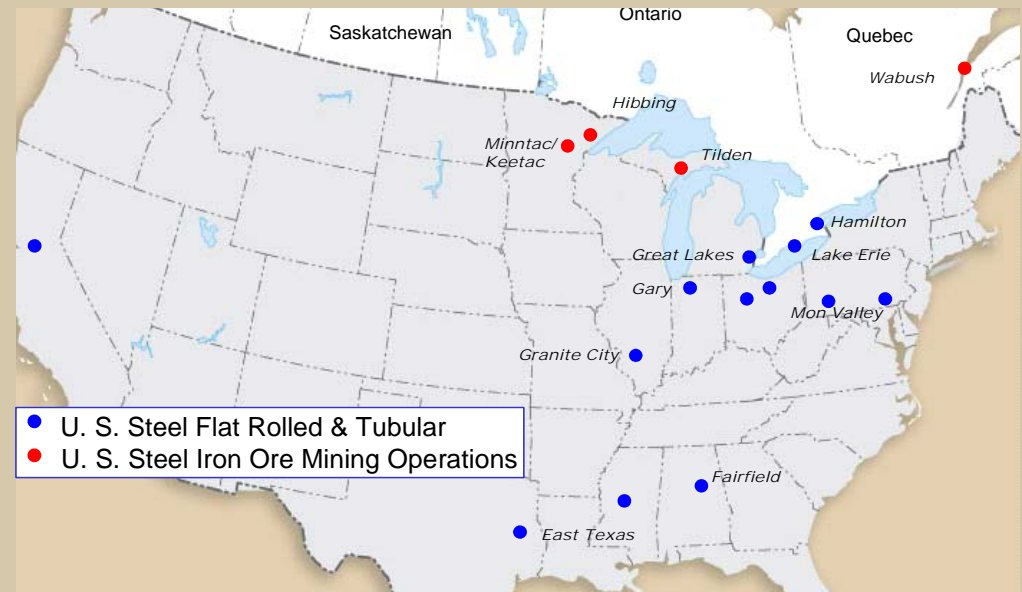
- Metallurgically demanding applications with specialized customer service and technical support
- Minimills typically do not make these value-added products
- Just-in-time inventory requirements favor domestic suppliers
- Production costs globally competitive
- Strong diversification through leading positions in key end markets



# Flat-rolled segment

Leading producer of high quality products

- 2008 trade shipments - 16.8 mmnt
- Strong raw materials position in iron ore & coke
- Continuous cost reduction process
- Improved facility balance and capabilities
- Balanced contract and spot business



## Key markets

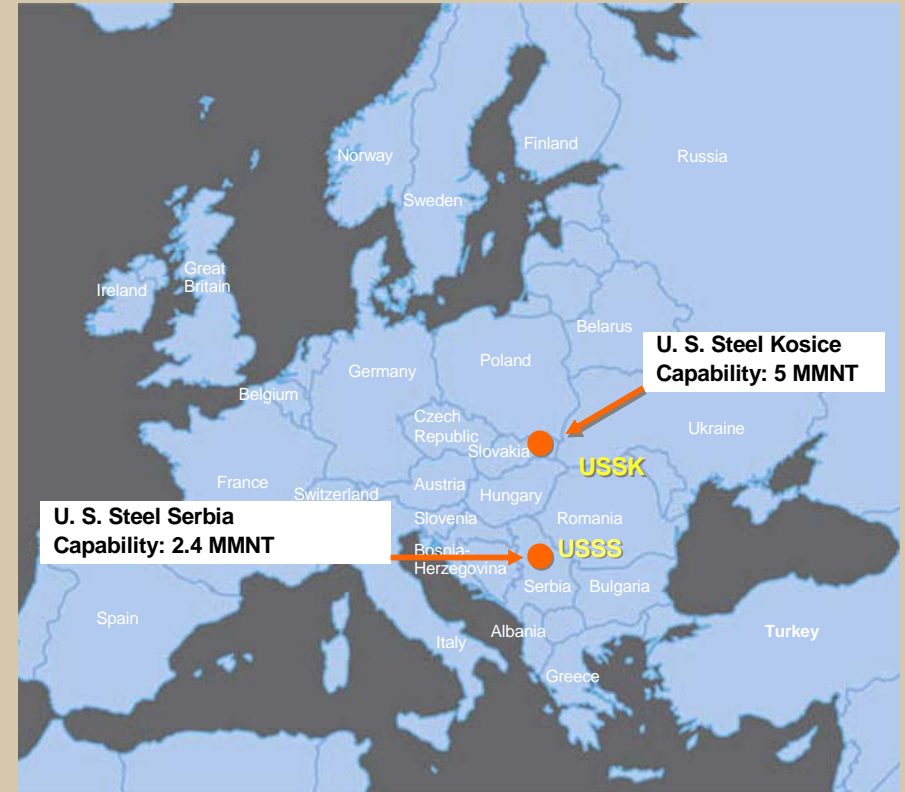
- Automotive
- Appliances
- Tin mill products
- Value-added construction



# USSE Segment



- Plants in Slovakia and Serbia
- 2008 shipments: 5.7 mmnt
- Key industries: construction, service center, packaging and conversion
- New automotive/appliance galvanizing line in Slovakia (2007)
- Historically favorable growth rates and infrastructure investment in primary geographical markets – V4\* and Balkans



\* Visegrad Group – Czech Republic, Hungary, Poland and Slovakia



# Tubular Segment



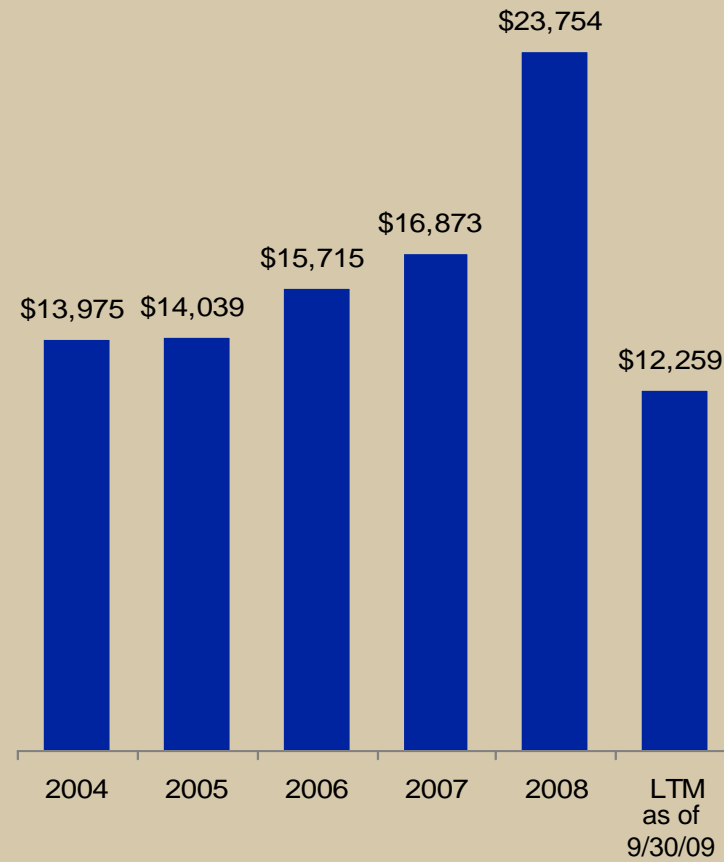
- 2008 shipments: 2.0 mmnt
- Largest fully integrated seamless and welded producer in North America
- Strong Product Mix – approximately 70% Oil Country Tubular Goods and 30% Standard & Line
- Size ranges (outside diameter):
  - Seamless – 1.9” to 26”
  - Welded – 2.4” to 20”
- Shipments:
  - NAFTA – 95%
  - International – 5%



# Strong Historical Financial Performance



Revenue (US\$ mm)



Income from operations (US\$ mm)





# Key Indicators

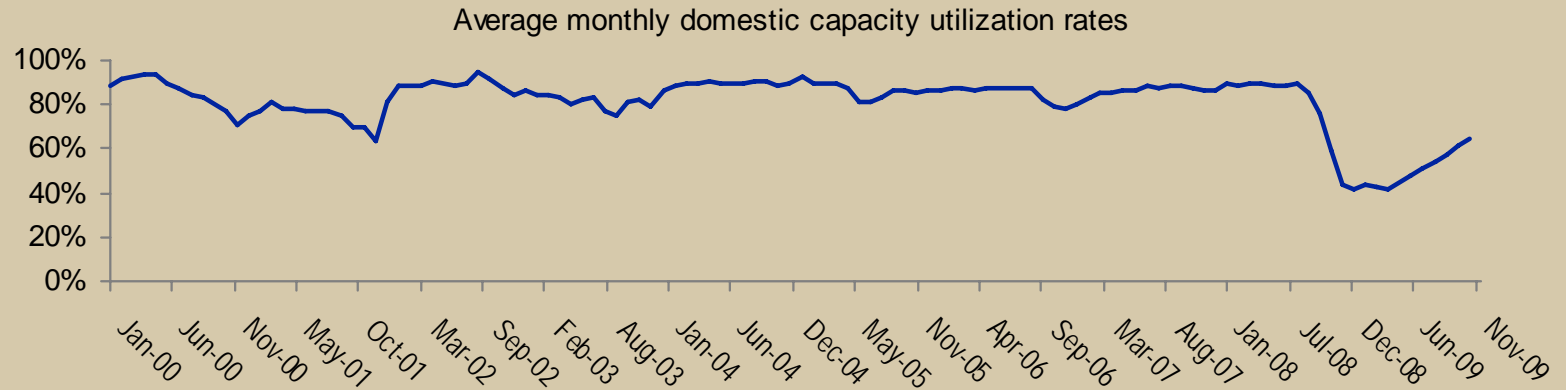
	Annual					Quarterly	
	2004	2005	2006	2007	2008	3Q08	3Q09
<b>Average Price (\$/ton)</b>							
Flat-rolled products	\$574	\$617	\$634	\$642	\$780	\$907	\$605
Tubular products	\$863	\$1,326	\$1,499	\$1,335	\$2,041	\$2,390	\$1,474
USSE	\$529	\$610	\$608	\$720	\$932	\$1,086	\$615
<b>Steel Shipments (MNT)</b>							
Flat-rolled products	15,635	13,296	14,180	14,534	16,845	4,505	2,722
Tubular products	1,092	1,156	1,191	1,422	1,952	519	151
USSE	5,040	5,211	6,261	6,139	5,651	1,409	1,285
<b>Capability Utilization (%)</b>							
North America	89.0	79.1	84.3	83.3	78.8	86.2	57.9
USSE	76.8	79.5	95.4	91.8	86.4	87.0	82.0



# Substantial Financial and Operating Leverage to Economic Recovery

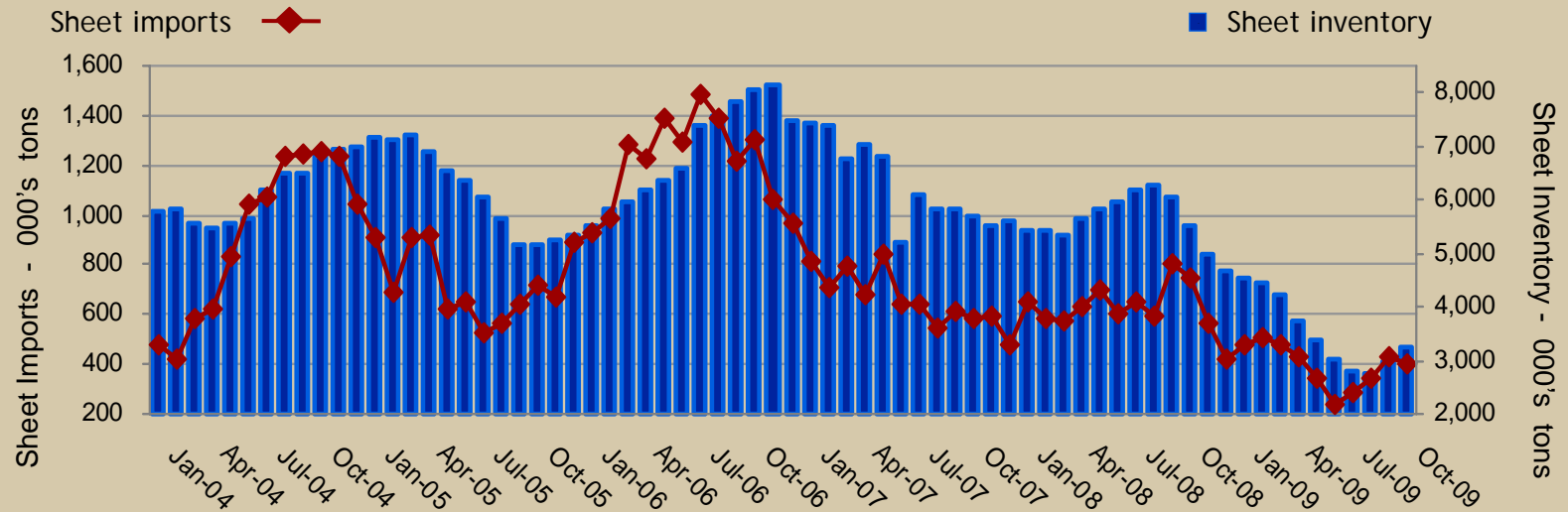


Following a strong cycle, utilization rates declined rapidly ...



Source: AISI

...And domestic service center inventory levels dropped

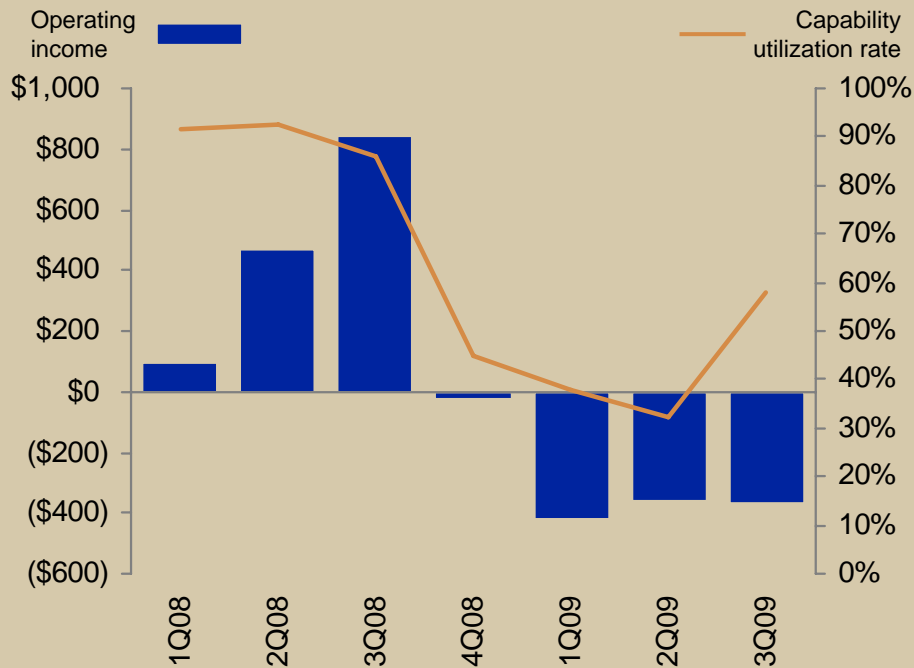


Source: MSCI and International Trade Administration of the U.S. Department of Commerce



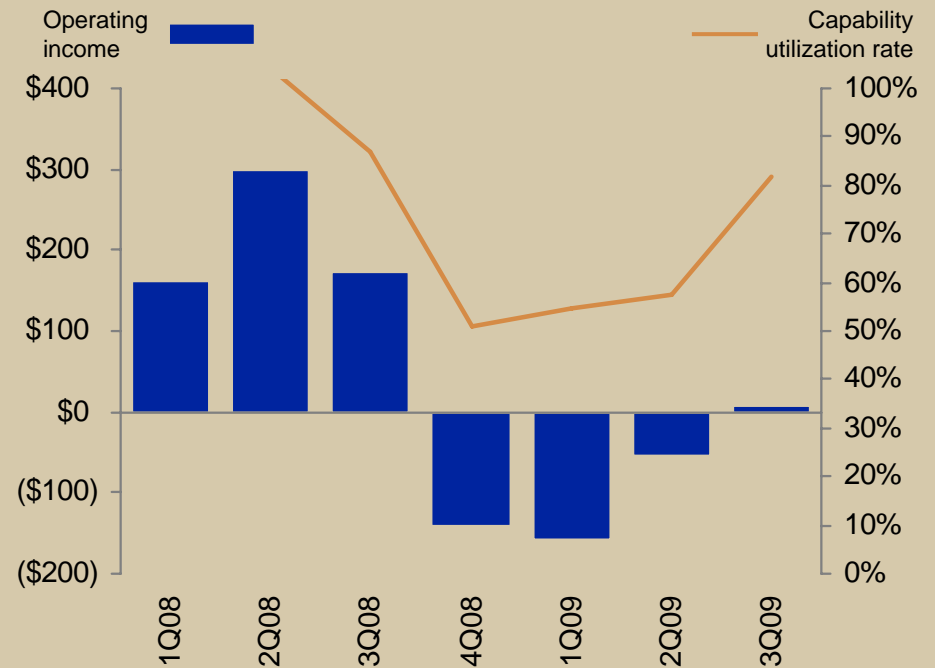
# Leverage to Economic Recovery

## North American Flat Rolled Segment



	Q1'08	Q2'08	Q3'08	Q4'08	Q1'09	Q2'09	Q3'09
Average realized price(\$/nt)	\$646	\$777	\$907	\$805	\$715	\$677	\$605
Capacity utilization rate	91.7%	92.7%	86.2%	44.7%	38.0%	32.4%	57.9%
Operating income (\$mm)	\$97	\$468	\$846	(\$21)	(\$422)	(\$362)	(\$370)

## U. S. Steel Europe Segment



	Q1'08	Q2'08	Q3'08	Q4'08	Q1'09	Q2'09	Q3'09
Average realized price (\$/nt)	\$791	\$986	\$1,086	\$847	\$672	\$602	\$615
Capacity utilization rate	103.4%	104.3%	87.0%	51.1%	54.8%	57.4%	82.0%
Operating income (\$mm)	\$161	\$298	\$173	(\$141)	(\$159)	(\$53)	\$7



# Liquidity Enhancement

## Actions Taken in April 2009

- Reached agreement with lenders to eliminate existing financial covenants, replacing them with a less restrictive fixed-charge coverage ratio
- Reduced quarterly dividend by \$0.25 per share to \$0.05 per share, saving approximately \$116 million per year
- Reached agreement with the USW to defer up to \$170 million in mandatory retiree health and life insurance trust contributions
- Announced reduction of executive and Board compensation
- Raised approximately \$1.5 billion through a common stock and convertible notes offering
- Reduced planned 2009 Capital Spending by over \$300 million





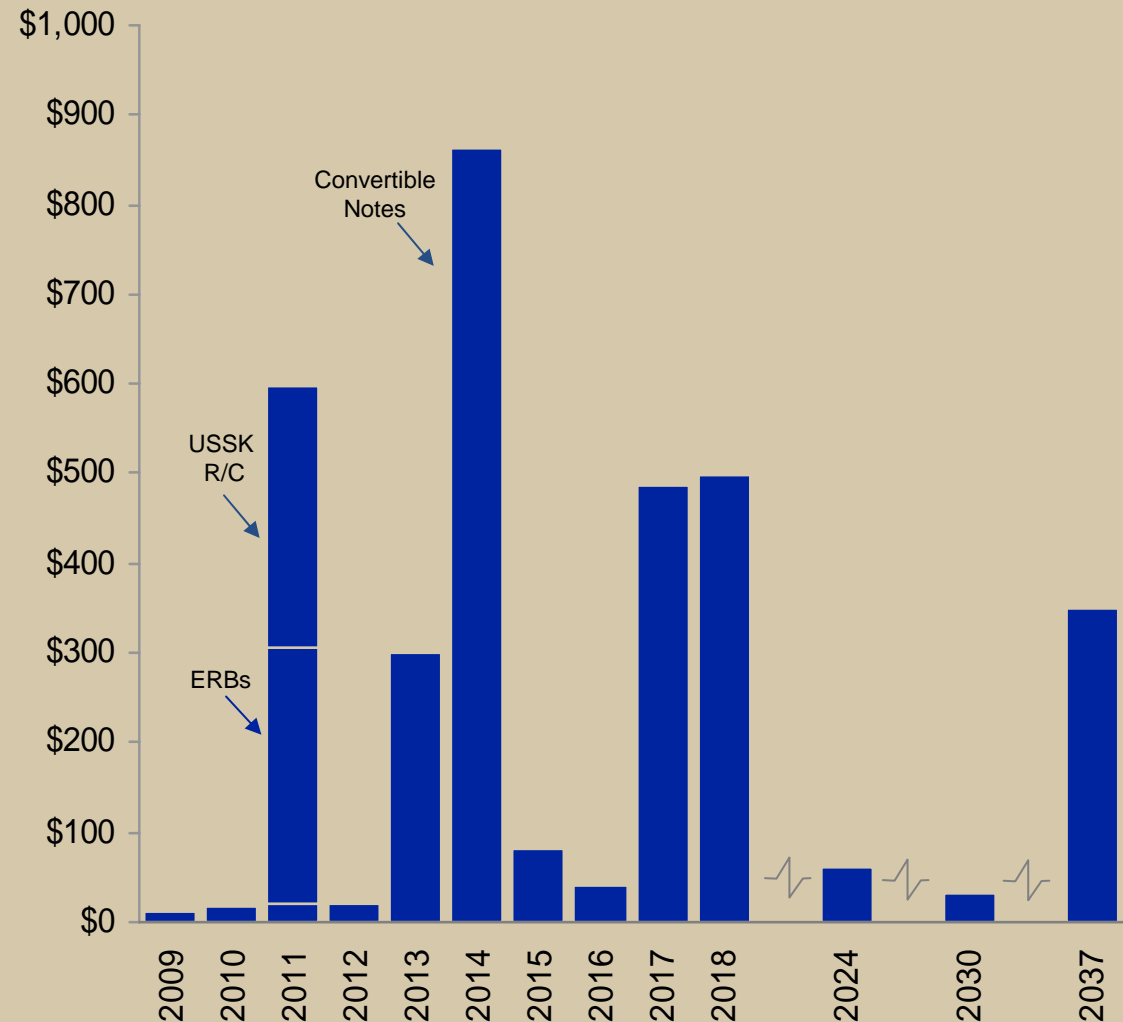
# Capitalization and Liquidity

(US\$ millions)

<b>Capitalization</b>	9/30/2009
Cash and cash equivalents	\$1,542
A/R Facility Sales Outstanding	—
Credit Agreement	—
Convertible Notes	863
Senior Notes	1,600
Environmental Revenue Bonds	458
Province Note (C\$150mm) <sup>1</sup>	138
USSK Revolver (€200mm) <sup>2</sup>	293
Capital Leases & Other	60
<b>Sub-total</b>	<b>\$3,412</b>
Less: Discounts and fair value adjustment	(47)
<b>Total debt</b>	<b>\$3,365</b>
<b>Total stockholders' equity</b>	<b>\$4,749</b>
<b>Total capitalization</b>	<b>\$8,114</b>

<b>Liquidity</b>	9/30/2009
Cash and cash equivalents	\$1,542
Amount available under A/R facility	413
Amount available under Credit Agreement	637
Amount available under USSK credit facilities	80
Amount available under USSS credit facilities	52
<b>Total estimated liquidity</b>	<b>\$2,724</b>

Debt maturities<sup>3</sup>



<sup>1</sup> 0.92 USD = 1 CAD   <sup>2</sup> 1.47 USD = 1 Euro   <sup>3</sup> Adjusted to include refinancing of \$129 million of ERB's from 2011 maturity to later years



# Capital Allocation – Building Value

## Benefits of balanced capital allocation approach

- Strong liquidity position
- Low 2010 debt maturities
- Manageable legacy obligations
  - Past voluntary pension contributions mitigate potential near term mandatory funding obligations
  - Voluntary contributions to retiree healthcare trust available to fund current obligations
  - USW has agreed to deferral of mandatory contributions to retiree healthcare trust
- Capital spending flexibility





## U. S. Steel is Well-positioned for a Global Recovery

- Well positioned global leader in a growing industry
- Strong presence in Central Europe and energy tubulars
- Leader in restructured and consolidating North American steel industry
- Balanced business mix with strong market share in value-added products
- Substantial financial and operating leverage to economic recovery
- Disciplined financial management resulting in strong liquidity position
- Proactive and experienced leadership

