

**United States Steel Corporation
Consolidated Financial Statements**

For the Years Ended December 31, 2025 and 2024

Prepared in Accordance with Accounting Principles Generally Accepted in the United States of America (U.S. GAAP)

INDEX

	Page
FINANCIAL INFORMATION	
Financial Statements:	
<u>Consolidated Statement of Operations</u>	<u>5</u>
<u>Consolidated Statement of Comprehensive Income (Loss)</u>	<u>6</u>
<u>Consolidated Balance Sheet</u>	<u>7</u>
<u>Consolidated Statement of Cash Flows</u>	<u>8</u>
<u>Consolidated Statement of Shareholder Equity</u>	<u>9</u>
<u>Notes to Consolidated Financial Statements</u>	<u>11</u>
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>47</u>



Report of Independent Auditors

To Management of United States Steel Corporation

Opinion

We have audited the accompanying consolidated financial statements of United States Steel Corporation and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, of comprehensive income (loss), of shareholder equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are

considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

PricewaterhouseCoopers LLP

Pittsburgh, Pennsylvania
February 5, 2026

UNITED STATES STEEL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in millions, except per share amounts)	Year Ended December 31,	
	2025	2024
Net sales:		
Net sales	\$ 14,119	13,135
Net sales to related parties (Note 21)	2,393	2,505
Total (Note 5)	<u>16,512</u>	<u>15,640</u>
Operating expenses (income):		
Cost of sales (excludes items shown below)	15,181	14,060
Selling, general and administrative expenses	690	435
Depreciation, depletion and amortization (Notes 11 and 12)	1,079	913
Earnings from investees (Note 10)	(75)	(112)
Asset impairment charges (Note 1)	44	19
Restructuring and other charges (Note 23)	1	8
Net gains on sale of assets	(67)	(5)
Other (gains) losses, net	(37)	82
Total	<u>16,816</u>	<u>15,400</u>
(Loss) earnings before interest and income taxes	(304)	240
Interest expense	190	24
Interest income	(26)	(96)
Loss on conversions of Senior Convertible Notes (Note 15)	1,091	—
Loss on debt extinguishment (Note 6)	—	2
Other financial costs	1	29
Net periodic benefit income	(12)	(132)
Net gain from investments related to active employee benefits (Note 18)	(27)	(25)
Net interest and other financial costs (income) (Note 6)	<u>1,217</u>	<u>(198)</u>
(Loss) earnings before income taxes	(1,521)	438
Income tax (benefit) expense (Note 9)	(176)	54
Net (loss) earnings	(1,345)	384
Less: Net earnings attributable to noncontrolling interests	—	—
Net (loss) earnings attributable to United States Steel Corporation	\$ (1,345)	\$ 384

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,	
	2025	2024
Net (loss) earnings	\$ (1,345)	\$ 384
Other comprehensive income (loss), net of tax:		
Changes in foreign currency translation adjustments ^(a)	139	(70)
Changes in pension and other employee benefit accounts ^(a)	77	(77)
Changes in derivative financial instruments ^(a)	(45)	80
Changes in fair value of active employee benefit investments ^(a)	(2)	—
Total other comprehensive income (loss), net of tax	169	(67)
Comprehensive (loss) income including noncontrolling interest	(1,176)	317
Comprehensive income attributable to noncontrolling interest	—	—
Comprehensive (loss) income attributable to United States Steel Corporation	\$ (1,176)	\$ 317
(a) Related income tax (provision) benefit:		
Foreign currency translation adjustments	\$ (37)	\$ 28
Pension and other benefits adjustments	(24)	23
Derivative adjustments	14	(26)
Active employee benefit investments	1	—

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

**UNITED STATES STEEL CORPORATION
CONSOLIDATED BALANCE SHEETS**

(Dollars in millions)	December 31,	
	2025	2024
Assets		
Current assets:		
Cash and cash equivalents (Note 7)	\$ 517	\$ 1,367
Receivables, less allowance of \$27 and \$26	1,383	1,236
Receivables from related parties (Note 21)	165	162
Inventories (Note 8)	2,477	2,168
Other current assets	214	299
Total current assets	4,756	5,232
Long-term restricted cash (Note 7)	36	35
Investments and long-term receivables, less allowance of \$3 in both periods (Note 10)	699	757
Operating lease assets (Note 22)	57	72
Property, plant and equipment, net (Note 11)	12,464	11,973
Intangibles, net (Note 12)	390	416
Deferred income tax benefits (Note 9)	13	—
Goodwill (Note 12)	920	920
Other noncurrent assets	938	830
Total assets	\$ 20,273	\$ 20,235
Liabilities		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 2,809	\$ 2,601
Accounts payable to related parties (Note 21)	148	146
Payroll and benefits payable	324	295
Accrued taxes	143	131
Accrued interest	68	70
Current operating lease liabilities (Note 22)	29	35
Short-term debt and current maturities of long-term debt (Note 15)	248	95
Total current liabilities	3,769	3,373
Noncurrent operating lease liabilities (Note 22)	35	44
Long-term debt, less unamortized discount and debt issuance costs (Note 15)	3,593	4,078
Employee benefits (Note 16)	141	117
Deferred income tax liabilities (Note 9)	543	657
Deferred credits and other noncurrent liabilities	474	526
Total liabilities	8,555	8,795
Contingencies and commitments (Note 24)		
Shareholder Equity		
Common stock issued — 0 and 288,088,141 shares issued (par value \$1 per share, authorized 400,000,000 shares)	—	288
Treasury stock, at cost (0 shares and 62,907,930 shares)	—	(1,446)
Additional paid-in capital	—	5,307
Share capital	5,788	—
Retained earnings	5,689	7,219
Accumulated other comprehensive income (loss) (Note 19)	148	(21)
Total United States Steel Corporation shareholder equity	11,625	11,347
Noncontrolling interests	93	93
Total liabilities and shareholder equity	\$ 20,273	\$ 20,235

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,	
	2025	2024
Increase (decrease) in cash and cash equivalents		
Operating activities:		
Net (loss) earnings	\$ (1,345)	\$ 384
Adjustments to reconcile net cash (used in) provided by operating activities:		
Depreciation, depletion and amortization (Notes 11 and 12)	1,079	913
Asset impairment charges (Note 1)	44	19
Restructuring and other charges (Note 23)	1	8
Loss on conversions of Senior Convertible Notes (Note 6)	1,091	—
Loss on debt extinguishment (Note 6)	—	2
Pensions and other post-employment benefits	(20)	(133)
Active employee benefit investments	48	65
Deferred income taxes (Note 9)	(177)	113
Net gain on sale of assets	(67)	(5)
Equity investees loss (earnings), net of distributions received	59	(3)
Changes in:		
Current receivables	(145)	174
Inventories	(243)	(71)
Current accounts payable and accrued expenses	(98)	(285)
Income taxes receivable/payable	45	(126)
Other noncurrent assets	(137)	65
All other, net	(176)	(201)
Net cash (used in) provided by operating activities	<u>(41)</u>	<u>919</u>
Investing activities:		
Capital expenditures	(1,097)	(2,287)
Proceeds from sale of assets	87	5
Other investing activities	25	6
Net cash used in investing activities	<u>(985)</u>	<u>(2,276)</u>
Financing activities:		
Repayment of long-term debt (Note 15)	(1,532)	(128)
Capital contributions received from Parent	1,728	—
Other financing activities	(42)	(71)
Net cash provided by (used in) financing activities	<u>154</u>	<u>(199)</u>
Effect of exchange rate changes on cash		
Net decrease in cash, cash equivalents and restricted cash	(849)	(1,575)
Cash, cash equivalents and restricted cash at beginning of year (Note 7)	1,413	2,988
Cash, cash equivalents and restricted cash at end of year (Note 7)	\$ 564	\$ 1,413

See Note 20 for supplemental cash flow information.

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

UNITED STATES STEEL CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDER EQUITY

	Dollars in Millions		Shares in Thousands	
	2025	2024	2025	2024
Common stock:				
Balance at beginning of year	\$ 288	\$ 286	288,088	285,960
Common stock issued	2	2	2,006	2,128
Effect of Transaction (Note 1)	(290)	—	(290,094)	—
Balance at end of year	\$ —	\$ 288	—	288,088
Treasury stock:				
Balance at beginning of year	\$ (1,446)	\$ (1,418)	(62,908)	(62,289)
Common stock repurchased for employee/non-employee director stock plans	(23)	(28)	(610)	(619)
Effect of Transaction (Note 1)	1,469	—	63,518	—
Balance at end of year	\$ —	\$ (1,446)	—	(62,908)
Additional paid-in capital:				
Balance at beginning of year	\$ 5,307	\$ 5,253		
Employee stock plans	28	54		
Acceleration and settlement of long-term incentive awards	(95)	—		
Effect of Transaction (Note 1)	(5,240)	—		
Balance at end of year	\$ —	\$ 5,307		
Share capital:				
Balance at beginning of year	\$ —	\$ —		
Share capital from Parent (Note 1)	14,189	—		
Transaction Consideration (Note 1)	(12,462)	—		
Effect of Transaction (Note 1)	4,061	—		
Other	—	—		
Balance at end of year	\$ 5,788	\$ —		

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

UNITED STATES STEEL CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDER EQUITY

(Continued)

(Dollars in millions)	2025		2024		Comprehensive (Loss) Income	
	2025	2024	2025	2024	2025	2024
Retained earnings:						
Balance at beginning of year	\$ 7,219	\$ 6,880				
Net (loss) earnings attributable to United States Steel Corporation	(1,345)	384	\$ (1,345)	\$ 384		
Dividends on common stock	(23)	(46)				
Acceleration and settlement of long-term incentive awards	(162)	—				
Other	—	1				
Balance at end of year	\$ 5,689	\$ 7,219				
Accumulated other comprehensive income (loss):						
Pension and other benefit adjustments (Note 16):						
Balance at beginning of year	\$ (318)	\$ (241)				
Changes during year, net of taxes ^(a)	76	(77)	76	(77)		
Changes during year, equity investee net of taxes ^(a)	1	—	1	—		
Balance at end of year	\$ (241)	\$ (318)				
Foreign currency translation adjustments:						
Balance at beginning of year	\$ 264	\$ 334				
Changes during year, net of taxes ^(a)	139	(70)	139	(70)		
Balance at end of year	\$ 403	\$ 264				
Derivative financial instruments:						
Balance at beginning of year	\$ 28	\$ (52)				
Changes during year, net of taxes ^(a)	(45)	80	(45)	80		
Balance at end of year	\$ (17)	\$ 28				
Fair value of active employee benefit investments						
Balance at beginning of year	\$ 5	\$ 5				
Changes during year, net of taxes ^(a)	(2)	—	(2)	—		
Balance at end of year	\$ 3	\$ 5				
Total balances at end of year	\$ 148	\$ (21)				
Total shareholder equity	\$ 11,625	\$ 11,347				
Noncontrolling interests:						
Balance at beginning of year	\$ 93	\$ 93				
Net loss	—	—	—	—		
Balance at end of year	\$ 93	\$ 93				
Total comprehensive (loss) income			\$ (1,176)	\$ 317		
^(a) Related income tax (provision) benefit:						
Foreign currency translation adjustments	\$ (37)	\$ 28				
Pension and other benefits adjustments	(24)	23				
Derivative adjustments	14	(26)				
Active employee benefit investments	1	—				

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

1. Nature of Business and Significant Accounting Policies

Nature of Business

United States Steel Corporation ("U. S. Steel" or "the Company") is a privately held corporation incorporated in the state of Delaware. 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.

Merger Agreement with Nippon Steel Corporation

On December 18, 2023, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") by and among the Company, Nippon Steel North America, Inc., a New York corporation ("Purchaser" or "Parent"), 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" or "Guarantor").

On June 13, 2025, the Company entered into a National Security Agreement (the "NSA"), among Guarantor, Parent, the Company and the U.S. Government, represented by the U.S. Department of the Treasury and the U.S. Department of Commerce as the CFIUS Monitoring Agencies. Under the requirements of the NSA, the Company issued one non-economic share of Class G Preferred Stock (the "Golden Share") to the U.S. Government. Pursuant to the NSA, and as holder of the Golden Share, the U.S. Government has certain rights with respect to U. S. Steel, including relating to governance, domestic production and trade matters.

On June 18, 2025, the Company completed the transaction contemplated by the terms of the Merger Agreement. Pursuant to the Merger Agreement, Merger Sub merged with and into the Company (the "Transaction"), with the Company surviving the merger as the surviving corporation and a subsidiary of Parent. At the effective time of the Transaction (the "Effective Time"), on the terms and subject to the conditions of the Merger Agreement, each share of common stock, par value \$1.00 per share, of the Company (the "Common Stock") issued and outstanding immediately prior to the Effective Time (other than (a) shares of Common Stock owned by the Company or any wholly owned subsidiary of the Company as treasury stock or otherwise (other than shares of Common Stock reserved for issuance under any of the Company Equity Plans (as defined in the Merger Agreement)) or held directly or indirectly by Parent, Merger Sub or any wholly owned subsidiary of Parent immediately prior to the Effective Time and (b) shares of Common Stock that were held by holders who did not vote in favor of the adoption of the Merger Agreement and properly demanded, exercised and perfected appraisal of such shares pursuant to Section 262 of the General Corporation Law of the State of Delaware (the "DGCL")) was automatically converted into the right to receive \$55.00 in cash (the "Transaction Consideration"). Additionally, at the Effective Time, each share of common stock, par value \$1.00 per share, of Merger Sub outstanding immediately prior to the Effective Time was converted into and became one validly issued, fully paid and nonassessable share of common stock, par value \$1.00 per share, of the surviving corporation and constituted the only outstanding shares of capital stock of the surviving corporation.

Nippon Steel Corporation's Equity Investment in U. S. Steel and Capital Contributions

On June 18, 2025, in conjunction with the closing of the Transaction, Parent and Merger Sub effectuated a payment of \$12,462 million for the Transaction Consideration and simultaneously made a capital contribution to the Company of \$1,728 million to fund the settlement of the Company's senior convertible notes and long-term incentive awards. Refer to Note 15 and Note 13, respectively, for additional information on the settlement of these items.

Parent was determined to be the accounting acquirer in relation to the Transaction and the Company has elected not to apply pushdown accounting. As a result, the Company's financial statements are presented on the historical basis. The sum of the Transaction Consideration and the capital contribution, \$14,190 million, was recognized as the Company's share capital within shareholder equity on the Consolidated Balance Sheet. The share capital balance resulting from the Transaction of \$5,788 million consists of this amount offset by the net impact of eliminating the closing date balances of the Company's legacy stockholders' equity accounts (common stock, treasury stock and additional paid-in capital) and by the amount of market premium over the book value of these balances included in the Transaction Consideration for the Company's common stock outstanding. Refer to the Consolidated Statement of Shareholder Equity for additional information.

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 5 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.

The last-in, first-out (LIFO) method is the predominant method of inventory costing for inventories held by our Flat-Rolled and Tubular segments. The Mini Mill segment uses a moving average costing method to account for semi-finished and finished products and the first-in, first-out (FIFO) method to account for raw materials. The moving average method is the predominant method used by the U. S. Steel Europe (USSE) segment. The LIFO method of inventory costing was used on 47 percent and 53 percent of consolidated inventories at December 31, 2025 and 2024, 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) Topic 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 income (loss) (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, *Fair Value Measurement*, 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 14 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, USSE, welded tubular and seamless tubular. 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 2025, the Company recognized impairment charges of approximately \$38 million for certain USSE construction in process and pre-approved engineering projects that are no longer planned to be pursued as part of the Company's operating plans. These impairment charges were the result of actions impacting specific, identifiable assets and were not significantly adverse to the USSE long-lived asset group.

In 2024, the Company recognized impairment charges of approximately \$19 million for certain indefinitely idled assets at Granite City Works and certain permanently idled assets at Clairton Works. These impairment charges were the result of actions impacting specific, identifiable assets and were not significantly adverse to the flat-rolled long-lived asset group.

No triggering events that required an impairment evaluation of our long-lived asset groups were identified during the years ended December 31, 2025 and 2024.

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 2025 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. In 2025, U. S. Steel terminated a portion of its indefinite-lived water rights, which are accounted for as a singular unit of account. As a result, U. S. Steel completed a quantitative impairment test over the remaining water rights and determined the carrying value exceeded the fair value and recognized an impairment charge of \$6 million in 2025. The fair value was determined using a combination of a sales comparison approach, which utilizes recent sales transactions of assets comparable to the Company's water rights, and a replacement cost approach, which establishes a value for the Company's water rights using the cost of developing alternative water supplies similar in nature to that of the Company's. We categorize the fair value determination as Level 3 in the fair value hierarchy due to its use of unobservable measurement inputs.

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 17 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 more than 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 16 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.

Income taxes

Income taxes as presented herein attribute current and deferred income taxes of the Parent to U. S. Steel's standalone financial statements in a manner that is systematic, rational and consistent with the asset and liability method prescribed by ASC Topic 740, *Income Taxes*. Accordingly, U. S. Steel's tax provision is prepared following a modified separate return method. This method applies ASC Topic 740 to the standalone financial statements of each member of the consolidated group as if the group member were a separate taxpayer and a standalone entity except that most net operating losses or other tax attributes are characterized as realized by U. S. Steel when those attributes are realized by the consolidated group even if U. S. Steel would not otherwise have realized the attributes on a standalone basis. Management believes the assumptions underlying the allocation of income taxes under the modified separate return method are reasonable. However, the amounts allocated for income taxes in the accompanying Consolidated Financial Statements are not

necessarily indicative of the actual amount of income taxes that would have been recorded had U. S. Steel been held within a separate standalone entity.

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 9 for further details of deferred taxes.

Supply chain financing

The Company has a supply chain finance (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 \$95 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 45 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 Statements 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 Sheets and payments on the obligations by our suppliers are included in cash used in operating activities in the Consolidated Statements of Cash Flows. As of December 31, 2025 and 2024, accounts payable and accrued expenses included \$30 million and \$62 million, respectively, of outstanding payment obligations which suppliers elected to sell to participating financial institutions.

The roll-forward of the Company's outstanding obligations confirmed as valid under its SCF program for the years ended December 31, 2025 and 2024 is as follows:

(in millions)	2025	2024
Confirmed obligations outstanding at beginning of year	\$198	\$197
Invoices confirmed	866	936
Invoices paid	(893)	(935)
Confirmed obligations outstanding at end of year	\$171	\$198

Subsequent events

The Company has evaluated subsequent events and transactions for potential recognition or disclosure through February 5, 2026, the date the financial statements were available to be issued.

2. New Accounting Standards

During the year ended December 31, 2025, 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 2025, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2025-10, *Accounting for Government Grants Received by Business Entities* (ASU 2025-10). Prior to ASU 2025-10, there was no specific U.S. GAAP guidance regarding government grants. Under ASU 2025-10, a government grant should not be recognized until 1.) it is probable that (a) the business entity will comply with the grant, and (b) the grant will be received; and 2.) recognition guidance for grants related to an asset and grants related to income under ASU 2025-10 are met. Grants related to assets are conditioned on the purchase, construction, or acquisition of an asset (for example, a long-lived asset or inventory) and government grants related to income include all other government grants (for example, reimbursements of operating expenses). ASU 2025-10 requires that a grant related to an asset be recognized on the balance sheet as a business entity incurs the related costs for which the grant is intended to compensate, either as: 1.) deferred income; or, 2.) an adjustment to the cost basis in determining the carrying amount of the asset (the cost accumulation approach). A grant related to income and a grant related to an asset for which the deferred income approach

is elected should be recognized in earnings on a systematic and rational basis over the periods in which the costs are incurred for which the grant is intended to compensate. ASU 2025-10 is effective for annual reporting periods beginning after December 15, 2029 with early adoption permitted. ASU 2025-10 can be adopted under a modified prospective, modified retrospective or retrospective basis. U. S. Steel is currently assessing the impact of ASU 2025-10.

In November 2025, the FASB issued Accounting Standards Update 2025-09, *Hedge Accounting Improvements* (ASU 2025-09). The objective of ASU 2025-09 is to more closely align hedge accounting with the economics of an entity's risk management activities. ASU 2025-09 includes provisions that: 1.) expand the hedged risks permitted to be aggregated in a group of individually forecasted transactions, thereby enabling application of cash flow hedge accounting to a broader portfolio of transactions; 2.) establish an operable model that enables broader application of hedge accounting to debt instruments that permit the borrower to change the interest rate index and interest rate tenor; 3.) enable application of hedge accounting to price components of forecasted purchases of nonfinancial assets when the price component is clearly and closely related to the nonfinancial asset being purchased or sold; 4.) eliminate the requirement to apply the net written option test to a compound derivative comprising a swap and a written option designated as the hedging instrument in a cash flow hedge or a fair value hedge of interest rate risk; and, 5.) eliminate the recognition and presentation mismatch related to a dual hedge strategy by allowing entities to reflect the economic offset of changes attributable to both interest rate risk and foreign exchange risk. ASU 2025-09 is effective for annual reporting periods beginning after December 15, 2027 with early adoption permitted. U. S. Steel is currently assessing the impact of ASU 2025-09.

In September 2025, the FASB issued Accounting Standards Update 2025-06, *Targeted Improvements to the Accounting for Internal-Use Software* (ASU 2025-06). Under current U.S. GAAP, entities are required to capitalize development costs incurred for internal-use software depending on the nature of the costs and the prescriptive and sequential development stages (project stages) during which they occur. ASU 2025-06 simplifies the previous guidance by requiring that an entity start capitalizing software costs when both of the following occur: 1.) management has authorized and committed to funding the software project, and 2.) it is probable that the project will be completed and the software will be used to perform the function intended (probable-to-complete recognition threshold). In evaluating the probable-to-complete recognition threshold, an entity is required to consider whether there is significant uncertainty associated with the development activities of the software. ASU 2025-06 is effective for fiscal years beginning after December 15, 2027 with early adoption permitted. U. S. Steel is currently assessing the impact of ASU 2025-06.

In December 2023, the 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. In addition, the standard also requires disclosure of payment amounts disaggregated by federal, state, and foreign, as well as by major jurisdiction. ASU 2023-09 is effective for annual periods beginning after December 15, 2025. U. S. Steel is currently assessing the impact of ASU 2023-09 on its disclosures.

3. 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 are disclosed in the Other category. The majority of U. S. Steel's customers are located in North America and Europe. During 2025 and 2024, sales to one customer of the Flat-Rolled segment were approximately \$1.9 billion and \$2.0 billion, respectively, which exceeded 10 percent of U. S. Steel's total consolidated net sales in each respective year.

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 includes the operating results of Big River Steel and Big River Steel 2 (BR2) steel plants 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 U. S. Steel Košice (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, hot-rolled, cold-rolled, hot-dip galvanized, and color-coated coils, electrical steel, 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 (CODM), which is the chief executive officer, evaluates segment performance and determines resource allocations based on a number of factors, the primary measure being earnings (loss) before interest, taxes, depreciation and amortization (EBITDA). EBITDA 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. For all of the segments, the CODM uses segment EBITDA in the Annual Operating Plan (AOP) and monthly performance review processes. The CODM considers AOP-to-actual EBITDA variances on a monthly, quarter-to-date, and year-to-date basis for evaluating performance of each segment and making decisions about resource allocations to each segment.

The accounting principles applied at the operating segment level in determining earnings (loss) before interest, taxes, depreciation and amortization 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)	Flat-Rolled	Mini Mill	USSE	Tubular	Total
2025					
Customer sales	\$ 9,420	\$ 3,339	\$ 2,775	\$ 966	\$ 16,500
Intersegment sales	162	230	24	3	419
Net sales	9,582	3,569	2,799	969	16,919
Other net sales ^(a)					12
Elimination of intersegment sales					(419)
Total net sales					<u>\$ 16,512</u>
Less: ^(b)					
Cost of sales	8,826	3,244	2,602	870	15,542
Earnings from investees	(66)	—	—	(9)	(75)
Other segment items ^(c)	216	24	41	19	300
Segment earnings before interest, taxes, depreciation and amortization	606	301	156	89	\$ 1,152
Other loss before interest, taxes, depreciation and amortization ^(a)					(7)
Depreciation, depletion and amortization					(1,079)
Items not allocated to segments:					
Clairton 13-14 batteries incident					(32)
Sale of South Works property (Note 4)					51
Stock-based compensation expense (Note 13)					(31)
Asset impairment charges					(44)
Environmental remediation charges					(34)
Granite City idling costs					23
NSC transaction-related costs ^(f)					(296)
Other charges, net					(7)
Loss before interest and income taxes					\$ (304)
Net interest and other financial costs					1,217
Loss before income taxes					<u>\$ (1,521)</u>
Capital expenditures ^(d)	536	418	91	49	1,094
Other capital expenditures ^(a)					3
Total capital expenditures					<u>\$ 1,097</u>
Segment depreciation, depletion and amortization	(484)	(409)	(134)	(52)	(1,079)
Assets ^(d)	7,336	10,021	2,003	1,040	20,400
Other assets ^(a)					283
Corporate, reconciling items, and eliminations ^(e)					(410)
Total assets					<u>\$ 20,273</u>

(a) The results of our real estate business are disclosed in the Other category.

(b) The significant expense (income) categories and amounts align with the segment-level information that is regularly provided to the CODM. Intersegment expenses are included within the amounts shown.

(c) Other segment items primarily include selling, general and administrative expenses, BRS recycling tax credit revenue and an employee retention credit tax refund.

(d) Mini Mill includes capital expenditures and assets related to BR2 of \$0.3 billion and \$5.3 billion, respectively.

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

(f) NSC transaction-related costs include strategic alternatives review process costs incurred in 2025 prior to the closing date of the Merger Agreement.

(In millions)	Flat-Rolled	Mini Mill	USSE	Tubular	Total
2024					
Customer sales	\$ 9,604	\$ 2,070	\$ 2,983	\$ 970	\$ 15,627
Intersegment sales	211	347	24	7	589
Net sales	9,815	2,417	3,007	977	16,216
Other net sales ^(a)					13
Elimination of intersegment sales					(589)
Total net sales					\$ 15,640
Less: ^(b)					
Cost of sales	8,775	2,063	2,898	843	14,579
Earnings from investees	(90)	—	—	(22)	(112)
Other segment items ^(c)	196	121	38	21	376
Segment earnings before interest, taxes, depreciation and amortization	934	233	71	135	\$ 1,373
Other loss before interest, taxes, depreciation and amortization ^(a)					(7)
Depreciation, depletion and amortization					(913)
Items not allocated to segments:					
Restructuring and other charges (Note 23)					(8)
Stock-based compensation expense (Note 13)					(51)
Asset impairment charges					(19)
Environmental remediation charges					(18)
Strategic alternatives review process costs					(90)
Granite City idling costs					(11)
Other charges, net					(16)
Earnings before interest and income taxes					\$ 240
Net interest and other financial income					(198)
Earnings before income taxes					\$ 438
Capital expenditures ^(d)	495	1,641	118	33	2,287
Segment depreciation, depletion and amortization	(535)	(203)	(125)	(50)	(913)
Assets ^(d)	7,266	9,339	1,904	975	19,484
Other assets ^(a)					127
Corporate, reconciling items, and eliminations ^(e)					624
Total assets					\$ 20,235

^(a) The results of our real estate business are disclosed in the Other category.

^(b) The significant expense (income) categories and amounts align with the segment-level information that is regularly provided to the CODM. Intersegment expenses are included within the amounts shown.

^(c) Other segment items primarily include selling, general and administrative expenses, BRS recycling tax credit revenue and BR2 startup costs.

^(d) Mini Mill includes capital expenditures and assets related to BR2 of \$1.4 billion and \$4.7 billion, respectively.

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

4. Disposition

Real Property, South Works Disposition

As of December 31, 2024, the South Works property was recorded as assets held-for-sale within Other current assets on the Consolidated Balance Sheet. On September 19, 2025, the Company completed the sale of substantially all of the Company's former South Works real property. The Company received proceeds of \$73 million and recognized a gain on the transaction of \$51 million, net of \$3 million of transaction costs.

5. 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 disaggregate our revenue by product for each of our reportable business segments for the years ended December 31, 2025 and 2024, respectively (Net Sales by Product, excluding intersegment sales, in millions):

Year Ended December 31, 2025	Flat-Rolled	Mini Mill	USSE	Tubular	Other	Total
Semi-finished	\$ 170	\$ —	\$ 35	\$ 51	\$ —	\$ 256
Hot-rolled sheets	1,785	1,630	1,216	—	—	4,631
Cold-rolled sheets	3,457	423	178	—	—	4,058
Coated sheets	2,778	1,277	1,197	—	—	5,252
Tubular products	—	—	57	895	—	952
All other ^(a)	1,230	9	92	20	12	1,363
Total	\$ 9,420	\$ 3,339	\$ 2,775	\$ 966	\$ 12	\$ 16,512

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

Year Ended December 31, 2024	Flat-Rolled	Mini Mill	USSE	Tubular	Other	Total
Semi-finished	\$ 84	\$ —	\$ 78	\$ 35	\$ —	\$ 197
Hot-rolled sheets	1,566	1,039	1,468	—	—	4,073
Cold-rolled sheets	3,665	325	229	—	—	4,219
Coated sheets	2,899	701	1,052	—	—	4,652
Tubular products	—	—	51	913	—	964
All other ^(a)	1,390	5	105	22	13	1,535
Total	\$ 9,604	\$ 2,070	\$ 2,983	\$ 970	\$ 13	\$ 15,640

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

6. Net Interest and Other Financial Costs

(In millions)	2025	2024
Interest income:		
Interest income	\$ (26)	\$ (96)
Interest expense and other financial costs:		
Interest incurred	237	237
Less interest capitalized	47	213
Total interest expense	190	24
Loss on conversions of Senior Convertible Notes	1,091	—
Loss on debt extinguishment ^(a)	—	2
Net periodic benefit income	(12)	(132)
Net gain from investments related to active employee benefits	(27)	(25)
Foreign currency net (gain) loss ^(b)	(17)	6
Financial costs on:		
Credit Facility Agreement	5	5
USSK Credit Facility	1	2
Other	4	7
Amortization of discounts and deferred financing costs	8	9
Total other financial costs	1	29
Net interest and other financial costs (income)	\$ 1,217	\$ (198)

^(a) Represents a net pretax charge of \$2 million during 2024 related to the repayments of the 2026 Senior Convertible Notes.

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

7. 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 Statements of Cash Flows:

(In millions)	December 31,	
	2025	2024
Cash and cash equivalents	\$ 517	\$ 1,367
Restricted cash in other current assets	11	11
Long-term restricted cash	36	35
Total cash, cash equivalents and restricted cash	\$ 564	\$ 1,413

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

8. Inventories

(In millions)	December 31,	
	2025	2024
Raw materials	\$ 1,208	\$ 959
Semi-finished products	828	828
Finished products	390	331
Supplies and sundry items	51	50
Total	\$ 2,477	\$ 2,168

Current acquisition costs for LIFO inventories were estimated to exceed the above inventory values at December 31 by \$1.5 billion in 2025 and \$1.1 billion in 2024. As a result of the liquidation of LIFO inventories, cost of sales increased and earnings before interest and income taxes decreased by less than \$1 million in 2025. Cost of sales increased and earnings before interest and income taxes decreased by \$3 million in 2024.

9. Income Taxes

Components of (loss) earnings before income taxes:

(In millions)	2025		2024	
	United States	Foreign	United States	Foreign
(Loss) earnings before income taxes	\$ (1,521)	\$ (14)	\$ 499	\$ (61)

At the end of 2025 and 2024, 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):

(In millions)	2025			2024		
	Current	Deferred	Total	Current	Deferred	Total
Federal	\$ (3)	\$ (128)	\$ (131)	\$ (53)	\$ 60	\$ 7
State and local	2	(20)	(18)	(6)	24	18
Foreign	2	(29)	(27)	—	29	29
Total	\$ 1	\$ (177)	\$ (176)	\$ (59)	\$ 113	\$ 54

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

(In millions)	2025	2024
Statutory rate applied to (loss) earnings before income taxes	\$ (319)	\$ 92
Nondeductible premium on convertible notes	229	—
Valuation allowance	(75)	47
Excess percentage depletion	(12)	(23)
Capitalized transaction costs	13	13
State and local income taxes after federal income tax effects	(29)	8
Effects of foreign operations	(6)	(12)
U.S. impact of foreign operations	30	(29)
Impact of tax credits	(7)	(11)
Adjustment of prior years' federal income taxes	(15)	(42)
Unrecognized tax benefits	—	12
Stock compensation	(8)	(7)
Nondeductible executive compensation	22	5
Other	1	1
Total (benefit) provision	\$ (176)	\$ 54

Included in the 2025 provision is a benefit of \$32 million related to the 2024 federal and state income tax returns. Also included in the 2025 provision is a provision of \$229 million related to the nondeductible premium on the conversion of the Senior Convertible Notes resulting from the Transaction, as well as a benefit of \$75 million related to the change in the Company's valuation allowance. The Company utilized \$66 million of its capital loss deferred tax asset to offset capital gains realized on land sales and released a corresponding amount of the valuation allowance that was recorded against the capital loss deferred tax asset.

Included in the 2024 provision is a benefit of \$59 million related to the 2023 federal and state income tax returns.

In March 2022, the Company and the Arkansas Economic Development Commission (AEDC) 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 the Company's BR2 facility near Osceola, Arkansas. Documentation supporting the Company's investment in qualifying equipment was submitted as part of an application for certification in late 2025. The Company is now awaiting certification from the AEDC, which is expected to be completed in the second half of 2026. 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 24 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 it meets 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.

The Organization for Economic Co-operation and Development (the "OECD"), an international association of 38 countries including the U.S., has proposed changes to numerous long-standing tax principles, including a global minimum tax initiative. On December 12, 2022, the European Union member states agreed to implement the OECD's Pillar 2 global corporate minimum tax rate of 15 percent on companies with revenues of at least €750 million, which went into effect in 2024. The law on minimum top-up tax for multinational enterprise groups and large-scale domestic groups in Slovakia was approved by the parliament on December 8, 2023 and signed by the President on December 21, 2023, with an effective date of December 31, 2023.

The 2025 and 2024 tax effects of Pillar 2 were not material to the Consolidated Financial Statements.

On July 4, 2025, H.R. 1 (commonly called the One Big Beautiful Bill Act) was signed into law, which, among other things, permanently sets bonus depreciation at 100%, allows a taxpayer to take 100% depreciation on real property used for producing tangible personal property, and provides for immediate expensing of domestic research and development expenditures. The Company analyzed the tax impacts of the legislation, which were not material to the Consolidated Financial Statements.

Deferred taxes

Deferred tax assets and liabilities resulted from the following:

(In millions)	December 31,	
	2025	2024
Deferred tax assets:		
Federal tax loss carryforwards (no expiration)	\$ 415	\$ 213
Federal capital loss carryforwards (expiring in 2025)	—	69
State tax credit carryforwards (expiring in 2026 through 2039)	18	17
State tax loss carryforwards (expiring in 2026 through 2045)	122	91
State capital loss carryforwards (expiring in 2035)	—	21
General business credit carryforwards (expiring in 2045)	5	9
Foreign tax loss and credit carryforwards (expiring in 2027 through 2035)	23	26
Operating lease liabilities	14	19
Capitalized research and development	42	76
Receivables, payables and debt	184	149
Inventory	128	48
Other temporary differences	33	71
Valuation allowance	(84)	(149)
Total deferred tax assets	\$ 900	\$ 660
Deferred tax liabilities:		
Property, plant and equipment	\$ 477	\$ 589
Operating right-of-use assets	12	17
Investments in subsidiaries and equity investees	747	557
Employee benefits	104	109
Contingencies and accrued liabilities	90	45
Total deferred tax liabilities	\$ 1,430	\$ 1,317
Net deferred tax liability	\$ (530)	\$ (657)

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 December 31, 2025, the net domestic deferred tax liability was \$521 million, net of an established valuation allowance of \$53 million. At December 31, 2024, the net domestic deferred tax liability was \$619 million, net of an established valuation allowance of \$103 million.

At December 31, 2025, the net foreign deferred tax liability was \$9 million, net of an established valuation allowance of \$31 million. At December 31, 2024, the net foreign deferred tax liability was \$38 million, net of an established valuation allowance of \$46 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 gross unrecognized tax benefits was \$22 million and \$18 million as of December 31, 2025 and 2024, respectively.

The total amount of net unrecognized tax benefits that, if recognized, would affect the effective tax rate was \$21 million and \$18 million as of December 31, 2025 and 2024, 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 for interest and penalties related to uncertain tax positions of \$1 million and less than \$1 million as of December 31, 2025 and 2024, respectively.

A tabular reconciliation of unrecognized tax benefits follows:

(In millions)	2025	2024
Unrecognized tax benefits, beginning of year	\$ 18	\$ 4
Increases – tax positions taken in prior years	4	16
Increases – current tax positions	—	—
Lapse of statute of limitations	—	(2)
Unrecognized tax benefits, end of year	\$ 22	\$ 18

Tax years subject to examination

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

U.S. Federal – 2022 and forward

U.S. States – 2021 and forward

Slovakia – 2014 and forward

Status of Internal Revenue Service (IRS) examinations

The IRS audit of U. S. Steel's 2023 federal consolidated income tax return will begin in 2026.

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

(In millions)	December 31,	
	2025	2024
Equity method investments	\$ 672	\$ 734
Receivables due after one year, less allowance of \$3 in both periods	24	21
Other	3	2
Total	\$ 699	\$ 757

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)	2025	2024
Income data – year ended December 31:		
Net Sales	\$ 2,907	\$ 3,184
Operating income	162	245
Net earnings	137	220
Balance sheet date – December 31:		
Current Assets	\$ 957	\$ 847
Noncurrent Assets	726	788
Current Liabilities	225	226
Noncurrent Liabilities	391	392

U. S. Steel's portion of the income (loss) from investees reflected on the Consolidated Statements of Operations was \$75 million and \$112 million for the years ended December 31, 2025 and 2024, respectively.

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

Investee	December 31, 2025 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 %

^(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 Hibbing, and as such, its activities are accounted for using the equity method.

Dividends or partnership distributions received from equity investees were \$134 million and \$109 million in 2025 and 2024, 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 21.

11. Property, Plant and Equipment

(In millions)	Useful Lives	December 31,	
		2025	2024
Land and depletable property	—	\$ 294	\$ 257
Buildings	35-40 years	3,270	2,883
Machinery and equipment			
Steel producing	2-30 years	21,927	19,790
Other	5-30 years	103	102
Information technology	5-15 years	935	857
Assets under finance lease	5-15 years	449	379
Construction in process	—	916	1,971
Total		27,894	26,239
Less accumulated depreciation and depletion		15,430	14,266
Net		\$ 12,464	\$ 11,973

Amounts in accumulated depreciation and depletion for assets acquired under finance leases were \$245 million and \$182 million at December 31, 2025 and 2024, respectively.

12. Goodwill and Intangible Assets

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

(In millions)	Useful Lives	As of December 31, 2025			As of December 31, 2024		
		Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Customer relationships	22 Years	\$ 413	\$ 93	\$ 320	\$ 413	\$ 75	\$ 338
Patents	5-15 Years	17	16	1	17	14	3
Energy Contract	2 Years	—	—	—	—	—	—
Total amortizable intangible assets		\$ 430	\$ 109	\$ 321	\$ 430	\$ 89	\$ 341

Amortization expense was \$20 million for both of the years ended December 31, 2025 and December 31, 2024. We expect approximately \$96 million in total amortization expense from 2026 through 2030 and approximately \$225 million in remaining amortization expense thereafter.

The carrying amount of acquired water rights with indefinite lives was \$69 million and \$75 million for the years ended December 31, 2025 and December 31, 2024, respectively. For details on the impairment charge recognized in 2025 related to the acquired water rights, see Note 1.

Below is a summary of goodwill by segment for the twelve months ended December 31, 2025:

(In millions)	Flat-Rolled	Mini Mill	USSE	Tubular	Total
Balance at December 31, 2024	\$ —	\$ 916	\$ 4	\$ —	\$ 920
Additions	—	—	—	—	—
Balance at December 31, 2025	\$ —	\$ 916	\$ 4	\$ —	\$ 920

13. Stock-Based Compensation Plans

Prior to the closing of the Transaction on June 18, 2025, U. S. Steel had outstanding stock-based compensation awards which consisted of restricted stock units, performance stock awards, and stock options. In accordance with the normal vesting schedule for these awards, U. S. Steel recognized pretax stock-based compensation expense of \$31 million and \$52 million for the years ended December 31, 2025 and 2024, respectively.

Upon closing of the Transaction, in accordance with the Merger Agreement, outstanding employee stock-based compensation awards, to the extent unvested, automatically became fully vested and payable in cash equal to \$55.00 per unit. The total amount accelerated related to these awards was \$162 million, and the total amount payable to settle these awards was \$277 million, of which \$63 million remains unpaid as of December 31, 2025 in accordance with Section 409A of the Internal Revenue Code, with \$32 million recorded in payroll and benefits payable and \$31 million recorded in employee benefits on the Consolidated Balance Sheet. In accordance with ASC Topic 805, *Business Combinations*, as it relates to merger consideration and post-combination compensation cost, based on the identification of the acquirer as being the primary beneficiary of the accelerated vesting and settlement of the employee stock-based compensation awards, costs to accelerate these long-term incentive plans are recognized by Parent and thus, U. S. Steel has not recognized these costs in the Consolidated Statement of Operations.

In addition, non-employee director stock-based compensation awards were accelerated and settled in conjunction with the closing of the Transaction. The total amount accelerated related to these awards was \$40 million. Due to these directors not being employees of U. S. Steel and not continuing subsequent to the closing of the Transaction, accelerating their pay does not provide benefit to the acquirer and as such, this expense has been recorded in the Company's Consolidated Statement of Operations for the year ended December 31, 2025.

14. 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.

U. S. Steel also uses financial swaps to mitigate commodity price risks related to the procurement of natural gas, zinc, tin, electricity, and iron ore (commodity purchase swaps). We have elected cash flow hedge accounting for these commodity purchase swaps, which have maturities of up to 21 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 and iron ore sales (sales swaps). The sales swaps are accounted for using hedge accounting.

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, 2025 and December 31, 2024:

Hedge Contracts	Classification	December 31, 2025	December 31, 2024
Natural gas (in mmbtus)	Commodity purchase swaps	36,359,000	20,706,000
Zinc (in metric tons)	Commodity purchase swaps	14,500	9,300
Electricity (in megawatt hours)	Commodity purchase swaps	—	16,400
Iron ore pellets (in metric tons)	Commodity purchase swaps	1,575,000	2,880,000
Iron ore pellets (in metric tons)	Sales swaps	121,700	300,900
Hot-rolled coils (in tons)	Sales swaps	37,000	236,000
Foreign currency (in millions of euros)	Foreign exchange forwards	€ 329	€ 368

The following summarizes the fair value amounts included in our Consolidated Balance Sheets as of December 31, 2025 and December 31, 2024:

Balance Sheet Location (in millions)	December 31, 2025	December 31, 2024
Designated as Hedging Instruments		
Accounts receivable	\$ 13	\$ 41
Accounts payable	40	8
Investments and long-term receivables	2	1
Other noncurrent liabilities	—	1

The table below summarizes the effect of hedge accounting on AOCI and amounts reclassified from AOCI into earnings for 2025 and 2024:

(In millions)	(Loss) Gain on Derivatives in AOCI		Location of Reclassification from AOCI	Amount of (Loss) Gain Recognized in Income	
	2025	2024		2025	2024
Sales swaps	\$ (15)	\$ 58	Net sales	\$ (4)	\$ 8
Commodity purchase swaps	(12)	20	Cost of sales ^(a)	(6)	(40)
Foreign exchange forwards	(32)	28	Cost of sales	(5)	7

^(a) 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 2025 and 2024:

(In millions)	Consolidated Statements of Operations Location	Amount of Loss Recognized in Income	
		2025	2024
Foreign exchange forwards	Other financial costs	—	(1)

At current contract values, \$23 million in AOCI as of December 31, 2025, will be recognized as an increase in cost of sales over the next year, and \$4 million in AOCI as of December 31, 2025, will be recognized as a decrease in net sales over the next year.

15. Debt

(In millions)	Issuer/Borrower	Interest Rates %	Maturity	December 31,	
				2025	2024
2037 Senior Notes	U. S. Steel	6.650	2037	\$ 274	\$ 274
2026 Senior Convertible Notes	U. S. Steel	5.000	2026	—	349
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	2026 - 2053	1,104	1,104
Environmental Revenue Bonds	Big River Steel	4.500 - 4.750	2049	752	752
Finance leases and all other obligations	U. S. Steel	Various	2026 - 2029	205	189
Finance leases and all other obligations	Big River Steel	Various	2026 - 2027	144	162
ECA Credit Agreement	U. S. Steel	Variable	2031	104	84
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	2027	—	—
Total debt				3,778	4,109
Less unamortized discount, premium and debt issuance costs				(63)	(64)
Less short-term debt, long-term debt due within one year, and short-term issuance costs				248	95
Long-term debt				\$ 3,593	\$ 4,078

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).

On June 18, 2025, a fundamental change, as defined in the 2026 Senior Convertible Notes, occurred as a result of the closing of the Transaction. Holders were notified of the fundamental change and their right to elect to surrender their notes for conversion for \$4,116.15 in cash per \$1,000 principal amount of notes, representing the initial conversion rate of the notes at the \$55.00 per share closing price. The holders were required to notify U. S. Steel of their intent to convert within 20 trading days of notification of the fundamental change, which expired on July 17, 2025. As of the expiration of the fundamental change conversion window, holders had elected to convert approximately \$349 million in principal, resulting in a total cash settlement amount of \$1,440 million. As a result of this conversion, U. S. Steel recognized a loss of \$1,091 million for the year ended December 31, 2025, recorded in Loss on conversions of Senior Convertible Notes in the Consolidated Statement of Operations. An immaterial principal amount of the 2026 Senior Convertible Notes remained after the expiration of the fundamental change conversion window, which was fully redeemed by U. S. Steel in the third quarter of 2025.

Big River Steel 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, 2025, 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, 2025. Availability under the Big River Steel ABL Facility, pursuant to the available borrowing base, was \$350 million at December 31, 2025.

U. S. Steel Credit Facility Agreement

On May 27, 2022, U. S. Steel entered into the Sixth Amended and Restated Credit Facility Agreement (Credit Facility Agreement) which matures on May 27, 2027. 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, 2025, there were approximately \$2 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, 2025, the Company would not have met the fixed charge coverage ratio test; therefore, the amount available to the Company under this facility is effectively reduced by \$175 million. The availability under the Credit Facility Agreement was \$1,573 million as of December 31, 2025.

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 \$176 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 certain financial covenants, including a maximum net debt to EBITDA ratio and a minimum stockholders' equity and subordinated intercompany debt to assets ratio, measured on a rolling twelve-month basis as of September 30 and December 31 each year. As of December 31, 2025, 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 \$36 million) (the USSK Credit Facility). On September 13th, 2024, the Company amended the USSK Credit Facility to extend the term by three years, maturing in 2027. At December 31, 2025, USSK had no borrowings under the USSK Credit Facility, and the availability was approximately \$26 million due to approximately \$10 million of guarantees outstanding.

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

2026	2027	2028	2029	2030	Later Years	Total
\$ 248	\$ 150	\$ 61	\$ 1,237	\$ 63	\$ 2,019	\$ 3,778

16. Pensions and Other Benefits

U. S. Steel has defined contribution plans or multiemployer retirement benefits for more than 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 most 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, 2025, approximately 80 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 United Steelworkers (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.

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 (trusts for retiree healthcare and life insurance) 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 represented a one-time transfer of VEBA assets to a subaccount to be used for these employees and retirees, which took place in the first quarter of 2023. The surplus amount of \$595 million was determined as of December 31, 2022, (after merger of the USS-UPI, LLC (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 \$75 million in other current assets and \$380 million in other noncurrent assets on the Consolidated Balance Sheet as of December 31, 2025. 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, which was renamed the United States Steel Corporation Plan for Insurance Benefits. Upon the one-time transfer from the VEBA to the subaccount, the surplus assets were no longer accounted for under ASC Topic 715, *Compensation-Retirement Benefits*, and are instead accounted for primarily under the provisions of ASC Topic 825, *Financial Instruments*, resulting 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 (income) on the Company's Consolidated Statements of Operations.

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.

(In millions)	Pension Benefits		Other Benefits	
	2025	2024	2025	2024
Change in benefit obligations				
Benefit obligations at January 1	\$ 3,782	\$ 4,071	\$ 1,062	\$ 1,119
Service cost	26	29	4	4
Interest cost	212	212	60	60
Actuarial losses (gains)	119	(118)	(4)	(18)
Exchange rate gain	2	(1)	—	—
Settlements, curtailments and termination benefits	(1)	—	—	—
Benefits paid	(368)	(411)	(100)	(103)
Benefit obligations at December 31	\$ 3,772	\$ 3,782	\$ 1,022	\$ 1,062
Change in plan assets				
Fair value of plan at January 1	\$ 3,912	\$ 4,174	\$ 1,109	\$ 1,172
Actual return on plan assets	406	148	94	18
Asset reversion	—	—	—	(10)
Benefits paid from plan assets	(367)	(410)	(67)	(71)
Fair value of plan assets at December 31	\$ 3,951	\$ 3,912	\$ 1,136	\$ 1,109
Funded status of plans at December 31	179	130	114	47

For pension benefits, the largest contributor to the actuarial loss in 2025 was the decrease in the discount rate from 5.90% at December 31, 2024, to 5.50% at December 31, 2025. In 2024, the largest contributor of actuarial gain was the increase in the discount rate from 5.49% at December 31, 2023, to 5.90% at December 31, 2024.

For Other Benefits, the largest contributor to the actuarial gain in 2025 was the decrease in expected future claims costs. In 2024, the largest contributor to the actuarial gain was the increase in the discount rate from 5.58% at December 31, 2023, to 5.90% at December 31, 2024.

Amounts recognized in accumulated other comprehensive loss:

(In millions)	2025			
	12/31/2024	Amortization	Activity	12/31/2025
Pensions				
Prior Service Cost	\$ 96	\$ (17)	\$ —	\$ 79
Actuarial Losses	1,397	(67)	(25)	1,305
Other Benefits				
Prior Service Credit	9	(9)	—	—
Actuarial Gains	(561)	51	(32)	(542)

As of December 31, 2025 and 2024, the following amounts were recognized in the Consolidated Balance Sheets:

(In millions)	Pension Benefits		Other Benefits	
	2025	2024	2025	2024
Noncurrent assets	\$ 205	\$ 154	\$ 118	\$ 51
Current liabilities	(2)	(2)	(1)	(1)
Noncurrent liabilities	(24)	(22)	(3)	(3)
Accumulated other comprehensive loss ^(a)	1,384	1,493	(542)	(552)
Net amount recognized	\$ 1,563	\$ 1,623	\$ (428)	\$ (505)

^(a) Accumulated other comprehensive loss effects associated with accounting for pensions and other benefits in accordance with ASC Topic 715 at December 31, 2025 and December 31, 2024, respectively, are reflected net of tax of \$602 million and \$626 million respectively, on the Consolidated Statements of Shareholder Equity.

The Accumulated Benefit Obligation (ABO) for all defined benefit pension plans was \$3,663 million and \$3,679 million at December 31, 2025 and 2024, respectively.

(In millions)	December 31,	
	2025	2024
Information for pension plans with an accumulated benefit obligation in excess of plan assets:		
Aggregate accumulated benefit obligations (ABO)	\$ (19)	\$ (18)
Aggregate projected benefit obligations (PBO)	(26)	(24)
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 Sheets.

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

(In millions)	Pension Benefits		Other Benefits	
	2025	2024	2025	2024
Components of net periodic benefit cost (credits):				
Service cost	\$ 26	\$ 29	\$ 4	\$ 4
Interest cost	212	212	60	60
Expected return on plan assets	(262)	(298)	(64)	(74)
Amortization - prior service costs (credits)	17	17	9	(27)
- actuarial losses (gains)	67	43	(51)	(65)
Net periodic benefit cost (credits), excluding below	60	3	(42)	(102)
Multiemployer plans ^(a)	81	79	—	—
Net periodic benefit cost (credits)	\$ 141	\$ 82	\$ (42)	\$ (102)

(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 \$135 million and approximately \$(59) million, respectively, in 2026. The pension cost projection includes approximately \$81 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	
	2025	2024	2025	2024
	U.S. and Europe	U.S. and Europe	U.S.	U.S.
Actuarial assumptions used to determine benefit obligations at December 31:				
Discount rate	5.50 %	5.90 %	5.47 %	5.90 %
Increase in compensation rate	3.15 %	3.15 %	N/A	N/A

	Pension Benefits		Other Benefits	
	2025	2024	2025	2024
	U.S. and Europe	U.S. and Europe	U.S.	U.S.
Actuarial assumptions used to determine net periodic benefit cost for the year ended December 31:				
Discount rate	5.90 %	5.49 %	5.90 %	5.58 %
Expected annual return on plan assets	6.90 %	6.90 %	6.00 %	6.00 %
Increase in compensation rate	3.15 %	3.15 %	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.

	2025	2024
Assumed health care cost trend rates at December 31:	U.S.	U.S.
Health care cost trend rate assumed for next year	8.00%	5.80%
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	2044	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 85 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; and
 - 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, 2025 and 2024.

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):

	2025					2024				
	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	\$ 274	\$ —	\$ —	\$ —	\$ 274	\$ 295	\$ —	\$ —	\$ —	\$ 295
International companies	498	—	—	—	498	419	—	—	—	419
Derivative financial instruments	(4)	—	—	—	(4)	38	—	—	—	38
Total equity	768	—	—	—	768	752	—	—	—	752
Fixed Income										
Corporate Bonds - U.S.	—	644	—	—	644	—	706	—	—	706
Corporate Bonds - Non-U.S.	—	98	—	—	98	—	116	—	—	116
U.S. government and agencies	—	346	—	—	346	—	178	—	—	178
Non-U.S. government	—	84	—	—	84	—	66	—	—	66
Mortgage and asset-backed securities	—	5	—	—	5	—	6	—	—	6
Derivative financial instruments	3	5	—	—	8	2	2	—	—	4
Total fixed income	3	1,182	—	—	1,185	2	1,074	—	—	1,076
Alternatives										
Timberlands	—	—	—	—	—	—	—	—	1	1
Mineral Interests and other alternatives	—	—	—	424	424	—	—	—	348	348
Private equity	—	—	—	192	192	—	—	—	210	210
Real estate	—	—	—	235	235	—	—	—	251	251
Total alternatives	—	—	—	851	851	—	—	—	810	810
Commingled Funds	—	—	—	937	937	—	—	—	1,154	1,154
Short-Term Investments	116	79	—	—	195	55	36	—	—	91
Other ^(b)	15	—	—	—	15	29	—	—	—	29
Total assets at fair value	\$ 902	\$ 1,261	\$ —	\$ 1,788	\$ 3,951	\$ 838	\$ 1,110	\$ —	\$ 1,964	\$ 3,912

^(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.

There were no transfers of pension plan assets into or out of Level 3 during 2025 or 2024.

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

	2025					2024				
	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	\$ 69	\$ —	\$ —	\$ —	\$ 69	\$ 64	\$ —	\$ —	\$ —	\$ 64
International companies	32	—	—	—	32	24	—	—	—	24
Total equity	101	—	—	—	101	88	—	—	—	88
Fixed Income										
Corporate Bonds - U.S.	—	415	—	—	415	—	435	—	—	435
Corporate Bonds - Non-U.S.	—	69	—	—	69	—	78	—	—	78
U.S. government and agencies	—	86	—	—	86	—	89	—	—	89
Non-U.S. government	—	14	—	—	14	—	15	—	—	15
Mortgage and asset-backed securities	—	19	—	—	19	—	11	—	—	11
Total fixed income	—	603	—	—	603	—	628	—	—	628
Alternatives										
Other alternatives	—	—	26	110	136	—	—	29	70	99
Private equity	—	—	—	49	49	—	—	—	50	50
Real estate	—	—	—	20	20	—	—	—	20	20
Total alternatives	—	—	26	179	205	—	—	29	140	169
Commingled Funds	—	—	—	200	200	—	—	—	177	177
Short-Term Investments	17	—	—	—	17	19	10	—	—	29
Other ^(b)	10	—	—	—	10	18	—	—	—	18
Total assets at fair value	\$ 128	\$ 603	\$ 26	\$ 379	\$ 1,136	\$ 125	\$ 638	\$ 29	\$ 317	\$ 1,109

(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 Other Benefits plan Level 3 assets for the years ended December 31, 2025 and 2024:

(In millions)	Level 3 assets only	
	2025	2024
Balance at beginning of period	\$ 29	\$ —
Transfers in and/or out of Level 3	—	—
Actual return on plan assets:		
Realized gain	—	—
Net unrealized gain	1	—
Purchases, sales, issuances and settlements:		
Purchases	—	29
Sales	(4)	—
Balance at end of period	\$ 26	\$ 29

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 and private credit. For its U.S. pension, U. S. Steel has a target allocation for plan assets of 59 percent in corporate bonds, government bonds and mortgage, private credit, and asset-backed securities. The balance is invested in equity securities, 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 2026. 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 64.5 percent in fixed income and private credit. The balance is primarily invested in equity securities, 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 2026.

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 \$4.00 through December 31, 2025. SPT contributions increased from \$3.50 to \$4.00 per hour 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, 2025 and 2024.

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; and
- 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, 2025 and 2024 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
		2025	2024		2025	2024	2025	2024	
Steelworkers Pension Trust	23-6648508/499	Green	Green	No	\$ 82	\$ 83	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 2025 or 2024. 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 \$2 million and \$1 million of pension payments in 2025 and 2024, respectively.

Cash payments totaling \$33 million and \$32 million were made for other post-employment benefit payments not funded by trusts in 2025 and 2024, respectively. In 2025 and 2024, 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
2026	\$ 360	\$ 99
2027	354	102
2028	344	106
2029	335	110
2030	325	114
Years 2031 - 2035	1,472	400

Defined contribution plans

U. S. Steel also contributes to two defined contribution plans for its salaried employees. Most 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 \$20 million and \$19 million in 2025 and 2024, respectively. U. S. Steel's matching contributions to the salaried employees' defined contribution plans, which for most non-represented salaried employees are 100 percent of the employees' contributions up to six percent of their eligible salary, totaled \$21 million and \$20 million in 2025 and 2024, respectively. U. S. Steel also maintains non-qualified defined contribution plans to provide benefits which are otherwise limited by the terms of the qualified plan or the Internal Revenue Code. U. S. Steel's contributions under these defined contribution plans were \$2 million in 2025 and less than \$1 million in 2024.

Most represented employees are eligible to participate in a defined contribution plan where there is no company match on savings or separate retirement account except for certain Tubular hourly employees. Effective with the 2015 Labor Agreement, represented employees hired 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 retiree healthcare 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 retiree healthcare account contribution for each hour worked increased to \$0.75 effective January 1, 2023. These Company contributions for represented employees totaled \$6 million and \$7 million in 2025 and 2024, 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, 2025, totaled \$90 million as compared to \$81 million at December 31, 2024. Liability amounts were developed assuming a discount rate of 5.19% and 5.76% at December 31, 2025 and 2024, respectively. Net periodic benefit cost for these benefits is projected to be \$16 million in 2026 compared to \$26 million in 2025 and \$9 million in 2024.

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.

17. 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, 2025 and 2024:

(In millions)	December 31,	
	2025	2024
Balance at beginning of year	\$ 77	\$ 79
Additional obligations incurred	—	—
Obligations settled	—	(4)
Change in estimate of obligations	—	(1)
Foreign currency translation effects	1	(1)
Accretion expense	5	4
Balance at end of period	\$ 83	\$ 77

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.

18. 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 Sheets approximate fair value. See Note 14 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, Inc. (Stelco), now a subsidiary of Cleveland-Cliffs Inc., that grants Stelco the option to purchase a 25 percent interest (Option Interest) in a to-be-formed entity (Joint Venture) that will own the Company's current iron ore mine located in Mt. Iron, Minnesota (Minntac Mine). As consideration for the Option Interest, 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 noncontrolling interests in the Consolidated Balance Sheet. The option can be exercised any time before January 31, 2027, and 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. If after the annual withdrawal of \$75 million, the subaccount value decreases by less than \$40 million annually (defined as the "Threshold Surplus"), the Company may withdraw the excess above the Threshold Surplus. Based on the value of the subaccount as of December 31, 2023, approximately \$15 million was withdrawn from the subaccount in January 2024 to pay for permissible benefits. In 2025, no excess amounts were available for withdrawal based on the value of the subaccount on December 31, 2024. Based on the value of the subaccount on December 31, 2025, no excess amounts will be available for withdrawal in 2026. 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 income (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 (loss) 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, 2025, the fair value of the surplus VEBA assets subaccount portfolio was \$455 million, with \$75 million in Other current assets and \$380 million in Other noncurrent assets on the Consolidated Balance Sheet.

As of December 31, 2024, the fair value of the surplus VEBA assets subaccount portfolio was \$505 million, with \$75 million in Other current assets and \$430 million in Other noncurrent assets on the Consolidated Balance Sheet.

The value of corporate bonds classified as available-for-sale debt securities was \$68 million and \$131 million as of December 31, 2025 and 2024, respectively. A total pretax net gain related to available-for-sale securities of \$5 million and \$7 million was included in Accumulated other comprehensive income (loss) as of December 31, 2025 and 2024, respectively.

During 2025, pretax net gains of \$27 million were recognized in Net gain from investments related to active employee benefits. During 2025, pretax net losses of \$2 million were recognized in Accumulated other comprehensive income (loss).

During 2024, pretax net gains of \$25 million were recognized in Net gain from investments related to active employee benefits. During 2024, immaterial pretax net gains were recognized in Accumulated other comprehensive income (loss).

The fair value of the subaccount portfolio by asset category as of December 31, 2025 and 2024 was as follows (in millions):

	December 31, 2025					December 31, 2024				
	Level 1	Level 2	Level 3	measured at NAV ^(a)	Total	Level 1	Level 2	Level 3	measured at NAV ^(a)	Total
Asset Category										
Fixed Income										
Corporate bonds - U.S.	—	86	—	—	86	—	129	—	—	129
Corporate bonds - Non-U.S.	—	30	—	—	30	—	46	—	—	46
U.S. government bonds	—	37	—	—	37	—	43	—	—	43
Mortgage and asset-backed securities	—	16	—	—	16	—	14	—	—	14
Total fixed income	\$ —	\$ 169	\$ —	\$ —	\$ 169	\$ —	\$ 232	\$ —	\$ —	\$ 232
Alternatives										
Private credit partnerships	—	—	26	216	242	—	—	29	157	186
Other alternatives	—	—	—	21	21	—	—	—	19	19
Total alternatives	\$ —	\$ —	\$ 26	\$ 237	\$ 263	\$ —	\$ —	\$ 29	\$ 176	\$ 205
Commingled Funds	—	—	—	5	5	—	—	—	5	5
Other ^(b)	18	—	—	—	18	63	—	—	—	63
Total assets at fair value	\$ 18	\$ 169	\$ 26	\$ 242	\$ 455	\$ 63	\$ 232	\$ 29	\$ 181	\$ 505

^(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, 2025 and 2024.

(In millions)	December 31, 2025		December 31, 2024	
	Fair Value	Carrying Amount	Fair Value	Carrying Amount
Financial liabilities:				
Long-term debt ^(a)	\$ 3,338	\$ 3,388	\$ 4,243	\$ 3,822

^(a) Excludes finance lease obligations, other Big River Steel obligations and ECA Credit Agreement for which calculation of fair value is impracticable.

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 24.

19. 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, 2023	\$ (241)	\$ 334	\$ (52)	\$ 5	\$ 46
Other comprehensive (loss) income before reclassifications	(52)	(70)	72	3	(47)
Amounts reclassified from AOCI ^(a)	(25)	—	8	(3)	(20)
Net current-period other comprehensive (loss) income	(77)	(70)	80	—	(67)
Balance at December 31, 2024	\$ (318)	\$ 264	\$ 28	\$ 5	\$ (21)
Other comprehensive income (loss) before reclassifications	45	139	(60)	1	125
Amounts reclassified from AOCI ^(a)	32	—	15	(3)	44
Net current-period other comprehensive income (loss)	77	139	(45)	(2)	169
Balance at December 31, 2025	\$ (241)	\$ 403	\$ (17)	\$ 3	\$ 148

^(a) See table below for further details.

(In millions)	Details about AOCI components ^(a)		Amount reclassified from AOCI
	2025	2024	
Amortization of pension and other benefit items			
Prior service cost (credit) ^(a)	\$ 26	\$ (10)	
Actuarial loss (gain) ^(a)	16	(22)	
Total pensions and other benefits items	42	(32)	
Derivative reclassifications to Consolidated Statements of Operations	19	12	
Active employee benefit investment reclassifications to Consolidated Statements of Operations	(4)	(4)	
Total before tax	57	(24)	
Tax (benefit) provision	(13)	4	
Net of tax	\$ 44	\$ (20)	

^(a) These AOCI components are included in the computation of net periodic benefit income (see Note 16 for additional details).

20. Supplemental Cash Flow Information

(In millions)	Year Ended December 31,	
	2025	2024
Net cash used in operating activities included:		
Interest and other financial costs paid (net of amount capitalized)	\$ (200)	\$ (35)
Income taxes refunded (paid)	57	(53)
Non-cash investing and financing activities:		
Change in accrued capital expenditures	\$ 77	\$ (109)
U. S. Steel common stock issued for employee/non-employee director stock plans	50	45
Capital expenditures funded by finance lease borrowings	77	78
Export Credit Agreement (ECA) financing	36	—

21. Transactions with Related Parties

Related party sales and service transactions are primarily related to equity investees and were \$2,393 million and \$2,505 million in 2025 and 2024, respectively.

Accounts payable to related parties include balances due to PRO-TEC Coating Company (PRO-TEC) of \$143 million and \$144 million at December 31, 2025 and 2024, respectively, primarily 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 \$5 million and \$2 million at December 31, 2025 and December 31, 2024, respectively.

Purchases from related parties for outside processing services provided by equity investees amounted to \$19 million for both 2025 and 2024. Purchases of iron ore pellets and other raw materials from related parties amounted to \$58 million and \$87 million for the years ended December 31, 2025 and 2024, respectively. Purchases of refractory brick and other miscellaneous supplies from related parties amounted to \$7 million and \$4 million for the years ended December 31, 2025 and 2024, respectively.

Wheeling-Nippon Steel, Inc. and Nippon Steel Trading Americas, Inc., wholly owned subsidiaries of NSC, are currently customers of the Company. Net sales to related parties pertaining to business with NSC subsidiaries were \$334 million and \$322 million for the years ended December 31, 2025 and 2024, respectively. Receivables from related parties include balances due from NSC subsidiaries of \$8 million and \$6 million at December 31, 2025 and December 31, 2024, respectively.

22. 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 certain light mobile equipment 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 operating 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 24 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 Sheets as of December 31, 2025 and 2024.

(In millions)	Balance Sheet Location	December 31, 2025	December 31, 2024
Assets			
Operating	Operating lease assets ^(a)	\$ 57	\$ 72
Finance	Property, plant and equipment ^(b)	204	198
Total Lease Assets		\$ 261	\$ 270
Liabilities			
Current			
Operating	Current operating lease liabilities	\$ 29	\$ 35
Finance	Current portion of long-term debt	85	58
Non-Current			
Operating	Noncurrent operating lease liabilities	35	44
Finance	Long-term debt less unamortized discount and issue costs	137	151
Total Lease Liabilities		\$ 286	\$ 288

^(a) Operating lease assets are recorded net of accumulated amortization of \$123 million and \$129 million as of December 31, 2025 and December 31, 2024, respectively.

^(b) Finance lease assets are recorded net of accumulated depreciation of \$245 million and \$182 million as of December 31, 2025 and December 31, 2024, respectively.

The following table summarizes lease costs included in our Consolidated Statements of Operations for the years ended December 31, 2025 and December 31, 2024.

(In millions)	Classification		Year Ended December 31, 2025	Year Ended December 31, 2024
Operating Lease Cost ^(a)	Cost of sales	\$ 49	\$ 48	
Operating Lease Cost ^(a)	Selling, general and administrative expenses	14	14	
Finance Lease Cost				
Amortization	Depreciation, depletion and amortization	63	56	
Interest	Interest expense	14	14	
Total Lease Cost		\$ 140	\$ 132	

^(a) Operating lease cost recorded in cost of sales includes \$19 million of variable lease cost for the year ended December 31, 2025. Operating lease cost recorded in cost of sales includes \$13 million of variable lease cost for the year ended December 31, 2024. Operating lease cost recorded in selling, general and administrative expenses includes \$1 million of variable lease cost for the years ended December 31, 2025 and December 31, 2024. \$4 million and \$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, 2025 and December 31, 2024, respectively.

Lease liability maturities as of December 31, 2025 are shown below.

(In millions)	Operating	Finance	Total
2026	\$ 31	\$ 94	\$ 125
2027	21	68	89
2028	12	46	58
2029	2	23	25
2030	2	11	13
After 2030	1	2	3
Total Lease Payments	\$ 69	\$ 244	\$ 313
Less: Interest	5	22	27
Present value of lease liabilities	\$ 64	\$ 222	\$ 286

Lease terms and discount rates are shown below.

December 31, 2025	
Weighted average lease term	
Finance	3 years
Operating	3 years
Weighted average discount rate	
Finance	5.95 %
Operating	6.79 %

Supplemental cash flow information related to leases is as follows:

(In millions)		Year Ended December 31, 2025	Year Ended December 31, 2024
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	\$ 40	\$ 47	
Operating cash flows from finance leases	14	14	
Financing cash flows from finance leases	63	49	
Right-of-use assets exchanged for lease liabilities:			
Operating leases	19	4	
Finance leases	77	78	

23. Restructuring and Other Charges

During 2025, the Company recorded restructuring and other charges of \$1 million. Cash payments related to previously accrued restructuring programs made during the year ended December 31, 2025 were approximately \$13 million.

During 2024, the Company recorded restructuring and other charges of \$8 million, which related primarily to the idling of certain coke-making facilities. Cash payments related to previously accrued restructuring programs made during the year ended December 31, 2024 were approximately \$89 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, 2024 and December 31, 2025, were as follows:

(in millions)	Employee Related Costs	Exit Costs	Non-cash Charges	Total
Balance at December 31, 2023	\$ 110	\$ 30	\$ —	\$ 140
Additional charges	(3)	11	—	\$ 8
Cash payments/utilization ^(a)	(62)	(27)	—	(89)
Balance at December 31, 2024	\$ 45	\$ 14	\$ —	\$ 59
Additional charges	1	—	—	1
Cash payments/utilization ^(a)	(13)	—	—	(13)
Balance at December 31, 2025	\$ 33	\$ 14	\$ —	\$ 47

^(a) \$10 million and \$8 million of payments were made from the pension fund trust assets in the Employee Related Cost column during the years ended December 31, 2024 and 2025, respectively.

24. 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, 2025, U. S. Steel was a defendant in approximately 1,105 active cases involving approximately 2,690 plaintiffs. The vast majority of these cases involve multiple defendants. About 1,590, or approximately 59 percent, of these plaintiff claims are currently pending in jurisdictions which permit filings with massive numbers of plaintiffs. At December 31, 2024, U. S. Steel was a defendant in approximately 990 cases involving approximately 2,575 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 year:

Period ended	Opening Number of Claims	Claims Dismissed, Settled and Resolved	New Claims	Closing Number of Claims
December 31, 2024	2,505	240	310	2,575
December 31, 2025	2,575	270	385	2,690

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:

(In millions)	Year Ended December 31,	
	2025	2024
Beginning of period	\$ 108	\$ 107
Accruals for environmental remediation deemed probable and reasonably estimable	31	18
Obligations settled	(20)	(17)
End of period	\$ 119	\$ 108

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

(In millions)	December 31,	December 31,
	2025	2024
Accounts payable and other accrued liabilities	\$ 24	\$ 26
Deferred credits and other noncurrent liabilities	95	82
Total	\$ 119	\$ 108

Expenses related to remediation are recorded in cost of sales and were \$31 million and \$18 million for the years ended December 31, 2025 and December 31, 2024, 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 30 to 45 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 three environmental remediation projects where additional costs for completion are not currently estimable, but could be material. These projects are at South Works, UPI and the former steelmaking plant at Joliet, Illinois. As of December 31, 2025, accrued liabilities for these projects totaled \$3 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 \$33 million to \$46 million.
- (2) *Significant Projects with Defined Scope* – Projects with significant accrued liabilities with a defined scope. As of December 31, 2025, there are four significant projects with defined scope greater than or equal to \$5 million each, with a total accrued liability of \$61 million. These projects are: Gary Resource Conservation and Recovery Act (RCRA) (accrued liability of \$28 million), Duluth Works (accrued liability of \$5 million), South Taylor Landfill AMD (accrued liability of \$13 million) and the former Geneva facility (accrued liability of \$15 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 five 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, 2025, was \$10 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, 2025, was approximately \$2 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 \$35 million at December 31, 2025, and were based on known scopes of work.

Administrative and Legal Costs – As of December 31, 2025, U. S. Steel had an accrued liability of \$8 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 \$84 million and \$83 million in 2025 and 2024, 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 allocated 6.13 million metric tons of European Union Emission Allowances (EUA) at no charge (free allowances or free allocation) to USSE in 2025. As of December 31, 2025, we have pre-purchased approximately 1.42 million EUA totaling €92 million (approximately \$108 million) via spot purchases or settled forwards to cover the 2025 shortfall of emission allowances and expected shortfall in subsequent years.

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 \$162 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, 2025, and no additional collateral will be required by the end of June 30, 2026. By this next assessment date, we expect that thirteen of the fifteen total projects 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 \$119 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, 2025.

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 \$16 million at December 31, 2025). No liability has been recorded for these guarantees as the potential loss is not probable.

The Company's BR2 facility 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 Sheets. 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 facility. 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.

In July 2024, the Company also received a lump-sum payment of approximately \$75 million as proceeds from the sale of a portion of future tax credits to be earned by the Company under the State of Arkansas's Recycling Tax Credit program for the Phase II portion of the Big River Steel facilities. The Company is contingently liable for certain repayment penalties if the Company fails to meet certain employment requirements, and as such a deferred liability was recognized for this grant and will be amortized 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 employment requirements of the grant program.

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 \$177 million as of December 31, 2025, 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 \$47 million and \$46 million at December 31, 2025 and December 31, 2024, respectively.

Capital Commitments – At December 31, 2025, U. S. Steel's contractual commitments to acquire property, plant and equipment totaled \$646 million.

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):

2026	2027	2028	2029	2030	Later years	Total
\$1,302	\$384	\$242	\$176	\$134	\$539	\$2,777

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 17 months to 18 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, 2025, if U. S. Steel were to terminate the agreement, it may be obligated to pay in excess of \$32 million.

In 2023, the Company indefinitely idled certain iron and steel making processes at Granite City Works. In December 2025, the Company began the process of restarting Blast Furnace "B" at Granite City Works. Liabilities for processes that remain idled are for unconditional purchase obligations and totaled \$8 million and \$60 million as of December 31, 2025 and December 31, 2024, respectively.

Total payments relating to unconditional purchase obligations were approximately \$754 million in 2025 and \$815 million in 2024.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

U. S. Steel's results in 2025, compared to the previous year, declined for the North American Flat-Rolled and Tubular segments and increased for the Mini Mill and U. S. Steel Europe segments.

- **North American Flat-Rolled:** Flat-Rolled results decreased primarily due to lower sales volume across higher value products.
- **Mini Mill:** Mini Mill results increased primarily due to the absence of strategic projects startup costs in the current year and lower raw material costs.
- **U. S. Steel Europe:** USSE results increased primarily due to lower raw material costs.
- **Tubular:** Tubular results decreased primarily due to lower sales price from unfavorable product mix and higher raw material costs.

Net Sales by Segment

Net sales by segment for the years ended December 31, 2025 and 2024 are set forth in the following table:

(Dollars in millions, excluding intersegment sales)	Years Ended December 31,		% Change
	2025	2024	
Flat-Rolled	\$ 9,420	\$ 9,604	(2)%
Mini Mill	3,339	2,070	61 %
USSE	2,775	2,983	(7)%
Tubular	966	970	— %
Total sales from reportable segments	16,500	15,627	6 %
Other	12	13	(8)%
Net Sales	\$ 16,512	\$ 15,640	6 %

Management's analysis of the percentage change in net sales for U. S. Steel's reportable business segments is set forth in the following table:

Year Ended December 31, 2025 versus Year Ended December 31, 2024	Steel Products ^(a)					Net Change
	Volume	Price	Mix	FX ^(b)	Other ^(c)	
Flat-Rolled	— %	1 %	(1)%	— %	(2)%	(2)%
Mini Mill	11 %	— %	1 %	— %	49 %	61 %
USSE	(9)%	(5)%	3 %	4 %	— %	(7)%
Tubular	4 %	— %	(4)%	— %	— %	— %

^(a) Excludes intersegment sales.

^(b) Foreign currency translation effects.

^(c) Primarily consists of sales of raw material and coke making by-products. For Mini Mill, Other includes the impact of BR2 net sales due to BR2 not being operational in the comparative period.

Net sales for the year ended December 31, 2025, compared to the same period in 2024 were \$16,512 million and \$15,640 million, respectively.

- For the Flat-Rolled segment, the decrease in sales primarily resulted from decreased shipments (43 thousand tons) of higher value-added products and unfavorable mix.
- For the Mini Mill segment, the increase in sales primarily resulted from increased shipments (1,408 thousand tons, of which BR2 contributed 1,172 thousand tons) across all products.
- For the USSE segment, the decrease in sales primarily resulted from decreased shipments (331 thousand tons) across most products, partially offset by the strengthening of the Euro versus the U.S. dollar and favorable mix.
- For the Tubular segment, the sales remained constant resulting primarily from increased shipments (20 thousand tons) of lower value products offset by unfavorable mix.

Operating Expenses

Union profit-sharing costs

(Dollars in millions)	Year Ended December 31,	
	2025	2024
Allocated to segment results	\$ 13	\$ 57

The amounts above represent profit-sharing amounts paid to active USW-represented employees and are included in cost of sales on the Consolidated Statements of Operations.

Profit-based amounts are calculated and paid on a quarterly basis as a percentage of consolidated earnings before interest and income taxes based on 7.5 percent of profit between \$10 and \$50 per ton and 15 percent of profit above \$50 per ton.

Net periodic pension and other benefits costs

Pension and other benefit costs (other than service cost) are reflected within net interest and other financial costs (income) and the service cost component is reflected within cost of sales in the Consolidated Statements of Operations.

Defined benefit and multiemployer pension plan costs included in cost of sales totaled \$107 million in 2025 and \$108 million in 2024.

Other benefit service cost included in cost of sales totaled \$4 million in both 2025 and 2024.

Costs related to defined contribution plans totaled \$52 million in 2025 and \$48 million in 2024.

Selling, general and administrative expenses

Selling, general and administrative expenses were \$690 million and \$435 million for the years ended December 31, 2025 and December 31, 2024, respectively. The change between periods was primarily related to NSC transaction-related costs resulting from the closing of the Merger Agreement.

Operating configuration adjustments

The Company adjusts its operating configuration in response to changes in market conditions, global overcapacity, import competition arising from unfair trade practices, and changes in customer demand. These operating configuration adjustments can include indefinitely and temporarily idling certain of its facilities as well as re-starting production at certain of its facilities.

Idled Operations

In 2023, the Company indefinitely idled the iron and steel making assets at Granite City Works and the operations of UPI. These facilities remain indefinitely idled as of December 31, 2025, with the exception of Blast Furnace "B" at Granite City Works, which the Company began the process of restarting in December 2025.

In 2022, U. S. Steel indefinitely idled the majority of the tin mill operations at Gary Works. This included the Tin Line #5 and the Tin Line #6. Tin mill operations continue to operate at the Midwest plant.

The Company's Lorain Tubular and Lone Star Tubular Operations were initially idled in 2020 and remain indefinitely idled as of December 31, 2025.

The total carrying value of the fixed assets related to U. S. Steel's indefinitely idled operations as of December 31, 2025 is \$100 million.

Depreciation, depletion and amortization

Depreciation, depletion and amortization expenses were \$1,079 million in 2025 and \$913 million in 2024. The increase was primarily due to increased depreciation at the Mini Mill segment from capital projects completed during the previous year.

Earnings from investees

Earnings from investees were \$75 million in 2025 compared to \$112 million in 2024. The decrease in 2025 from the prior year is primarily due to decreased earnings from our PRO-TEC joint venture and Patriot Premium Threading Services.

Restructuring and other charges

During 2025, the Company recorded restructuring and other charges of \$1 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 restructuring and cost reductions are reported in Restructuring and other charges in the Consolidated Statements of Operations.

Earnings (loss) before interest, taxes, depreciation and amortization by segment

Segment performance is measured primarily on the basis of segment level earnings (loss) before interest, taxes, depreciation and amortization (EBITDA). EBITDA 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.

<i>Earnings (loss) before interest, taxes, depreciation and amortization by segment ^(a)</i> (Dollars in Millions)	Year Ended December 31,	
	2025	2024
Flat-Rolled	\$ 606	\$ 934
Mini Mill	301	233
USSE	156	71
Tubular	89	135
Other loss before interest, taxes, depreciation and amortization	(7)	(7)
Depreciation, depletion and amortization	(1,079)	(913)
Segment earnings before interest and income taxes	66	453
Other items not allocated to segments:		
Clairton 13-14 batteries incident	(32)	—
Sale of South Works property ^(b)	51	—
Stock-based compensation expense ^(c)	(31)	(51)
Asset impairment charges ^(d)	(44)	(19)
Environmental remediation charges	(34)	(18)
Strategic alternatives review process costs	—	(90)
Granite City idling costs	23	(11)
NSC transaction-related costs ^(e)	(296)	—
Other charges, net	(7)	(24)
Total (loss) earnings before interest and income taxes	(304)	240

^(a) See Note 3 to the Consolidated Financial Statements for reconciliations and other details.

^(b) Included in Net gains on sale of assets on the Consolidated Statements of Operations.

^(c) See Note 13 to the Consolidated Financial Statements for reconciliations and other details.

^(d) See Note 1 to the Consolidated Financial Statements for further details.

^(e) NSC transaction-related costs include strategic alternatives review process costs incurred in 2025 prior to the closing date of the Merger Agreement.

Segment results for Flat-Rolled

(Dollars in Millions)	Year Ended December 31,		% Change
	2025	2024	
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 606	\$ 934	(35)%
Depreciation, depletion and amortization	484	535	(10)%
Earnings before interest and income taxes	\$ 122	\$ 399	(69)%
Gross margin	8 %	11 %	(3)%
Raw steel production (mnt)	8,282	8,389	(1)%
Capability utilization	63 %	63 %	— %
Steel shipments (mnt)	7,802	7,845	(1)%

The decrease in Flat-Rolled EBITDA for 2025 compared to 2024 was primarily due to:

- decreased shipments (approximately \$5 million)
- higher raw material costs, including inventory revaluations (approximately \$145 million)
- higher energy costs (approximately \$155 million)
- higher operating costs, including labor and outage (approximately \$210 million)
- unfavorable equity investees income (approximately \$5 million),

these changes were partially offset by:

- higher average realized prices, including mix (approximately \$115 million)
- higher other sales (approximately \$35 million)
- lower other costs, primarily from lower profit-based payments (approximately \$40 million).

Gross margin for 2025 as compared to 2024 decreased primarily due to lower sales volume.

Segment results for Mini Mill

(Dollars in Millions)	Year Ended December 31,			% Change
	2025	2024		
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 301	\$ 233	29 %	
Depreciation, depletion and amortization	409	203	101 %	
(Loss) earnings before interest and income taxes	\$ (108)	\$ 30	(460)%	
Gross margin	10 %	17 %	(7)%	
Raw steel production (mnt)	4,349	2,838	53 %	
Capability utilization	69 %	80 %	(11)%	
Steel shipments (mnt)	3,715	2,307	61 %	

The increase in Mini Mill EBITDA results for 2025 compared to 2024 was primarily due to:

- increased shipments (approximately \$40 million)
- lower raw material costs (approximately \$15 million)
- lower other costs, primarily due to absence of current year strategic projects startup costs, which in the prior year were recorded in other costs (approximately \$105 million),

these changes were offset by:

- lower average realized prices, including mix (approximately \$75 million)
- higher operating costs (approximately \$15 million).

Gross margin for 2025 as compared to 2024 decreased primarily due to increased operating costs.

Segment results for USSE

(Dollars in Millions)	Year Ended December 31,			% Change
	2025	2024		
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 156	\$ 71	120 %	
Depreciation, depletion and amortization	134	125	7 %	
Earnings (loss) before interest and income taxes	\$ 22	\$ (54)	141 %	
Gross margin	7 %	4 %	3 %	
Raw steel production (mnt)	3,552	3,832	(7)%	
Capability utilization	71 %	77 %	(6)%	
Steel shipments (mnt)	3,247	3,578	(9)%	

The increase in USSE EBITDA results for 2025 compared to 2024 was primarily due to:

- lower raw material costs, including inventory revaluations and CO₂ accrual adjustments (approximately \$285 million)
- Strengthening of the Euro versus the U.S. dollar (approximately \$25 million)
- lower other costs (approximately \$10 million),

these changes were partially offset by:

- lower average realized prices, including mix (approximately \$125 million)
- decreased shipments, including volume inefficiencies (approximately \$40 million)
- lower non-steel sales (approximately \$10 million)
- higher operating costs (approximately \$45 million)
- higher energy costs (approximately \$15 million).

Gross margin for 2025 as compared to 2024 increased primarily due to lower raw material costs.

Segment results for Tubular

(Dollars in Millions)	Year ended December 31,			% Change
	2025	2024		
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 89	\$ 135	(34)%	
Depreciation, depletion and amortization	52	50	4 %	
Earnings before interest and income taxes	\$ 37	\$ 85	(56)%	
Gross margin	10 %	14 %	(4)%	
Raw steel production (mnt)	612	575	6 %	
Capability utilization	68 %	64 %	4 %	
Steel shipments (mnt)	496	476	4 %	

The decrease in Tubular EBITDA results for 2025 compared to 2024 was primarily due to:

- lower commercial, which includes shipments, price and mix (approximately \$20 million)
- higher raw material costs (approximately \$20 million)
- higher other costs (approximately \$10 million),

these changes were partially offset by:

- lower operating costs (approximately \$5 million).

Gross margin for 2025 as compared to 2024 decreased primarily due to lower sales price across all products and unfavorable product mix and higher raw material costs.

Results for Other

The Other category had a loss before interest, taxes, depreciation and amortization of \$7 million for the year ended December 31, 2025, compared to a loss before interest, taxes, depreciation and amortization of \$7 million for the year ended December 31, 2024.

Net Interest and Other Financial Costs

(Dollars in millions)	Year Ended December 31,	
	2025	2024
Interest expense	190	24
Interest income	(26)	(96)
Loss on conversions of Senior Convertible Notes	1,091	—
Loss on debt extinguishment	—	2
Other financial costs	1	29
Net periodic benefit income	(12)	(132)
Net gain from investments related to active employee benefits	(27)	(25)
Net interest and other financial costs (income)	1,217	(198)

Net interest and other financial income declined in 2025 compared to 2024 primarily due to loss on the conversions of Senior Convertible Notes and higher interest expense resulting from the lower capitalized interest in the current year compared to the prior year. For additional information on U. S. Steel indebtedness see Note 15 to the Consolidated Financial Statements.

For additional information on U. S. Steel's foreign currency exchange activity see Note 14 to the Consolidated Financial Statements.

Income Tax

The income tax benefit for the year ended December 31, 2025 was \$176 million compared to an income tax expense of \$54 million in 2024. The change from the prior year period was primarily due to decreased earnings before taxes in 2025 as well as a benefit of \$75 million in 2025 related to the change in the Company's valuation allowance, partially offset by a provision of \$229 million in 2025 related to the nondeductible premium on the conversion of the Senior Convertible Notes resulting from the Transaction.

For further information on income taxes see Note 9 to the Consolidated Financial Statements.

Net earnings attributable to U. S. Steel

Net loss attributable to U. S. Steel in 2025 was \$1,345 million compared to net earnings of \$384 million in 2024. The decrease was primarily attributable to the factors discussed above.

Liquidity and Capital Resources

Cash Flows and Capital Requirements

Net Cash Used in, Provided by Operating Activities

Net cash used in operating activities was \$41 million in 2025 compared to \$919 million provided by operating activities in 2024. The decrease in 2025 compared to 2024 was primarily due to lower net earnings and changes in working capital, partially offset by activity with NSC. Changes in working capital can vary significantly depending on factors such as the timing of inventory production and purchases, which is affected by the length of our business cycles as well as our captive raw materials position, customer payments of accounts receivable and payments to vendors in the regular course of business.

Our cash conversion cycle remained constant at 26 days in the fourth quarter of 2025 compared to the fourth quarter of 2024 as shown below:

Cash Conversion Cycle	2025		2024	
	\$ millions	Days	\$ millions	Days
Accounts receivable, net ^(a)	\$ 1,540	37	\$ 1,398	40
+ Inventories ^(b)	\$ 2,477	58	\$ 2,168	58
- Accounts Payable and Other Accrued Liabilities ^(c)	\$ 2,884	69	\$ 2,601	72
= Cash Conversion Cycle ^(d)		26		26

(a) Calculated as Average Accounts Receivable, net divided by total Net Sales multiplied by the number of days in the period.

(b) Calculated as Average Inventory divided by total Cost of Sales multiplied by the number of days in the period.

(c) Calculated as Average Accounts Payable and Other Accrued Liabilities less bank checks outstanding and other current liabilities divided by total Cost of Sales multiplied by the number of days in the period.

(d) Calculated as Accounts Receivable Days plus Inventory Days less Accounts Payable Days.

The cash conversion cycle is a non-GAAP financial measure. We believe the cash conversion cycle is a useful measure in providing investors with information regarding our cash management performance and is a widely accepted measure of working capital management efficiency. The cash conversion cycle should not be considered in isolation or as an alternative to other GAAP metrics as an indicator of performance.

The LIFO inventory method is the predominant method of inventory costing for our Flat-Rolled and Tubular segments. The FIFO and moving average methods are the predominant inventory costing methods for our Mini Mill segment and the moving average method is the predominant inventory costing method for our USSE segment. In the U.S., management monitors the inventory realizability by comparing the LIFO cost of inventory with the replacement cost of inventory. To the extent the replacement cost (i.e., market value) of inventory is lower than the LIFO cost of inventory, management will write the inventory down. As of December 31, 2025 and 2024, the replacement cost of the LIFO inventory was higher by approximately \$1,545 million and \$1,143 million, respectively.

Net cash (used in) provided by operating activities for 2025 and 2024 reflects employee benefits payments as shown in the following table.

Benefits Payments for Employees (Dollars in millions)	Year Ended December 31,	
	2025	2024
Other employee benefits payments not funded by trusts	33	32
Payments to a multiemployer pension plan	81	79
Pension related payments not funded by trusts	2	1
Reductions in cash flows from operating activities	\$ 116	\$ 112

Net Cash Used in Investing Activities

Net cash used in investing activities was \$985 million in 2025 compared to \$2,276 million used in 2024. The decrease in net cash used in investing activities was primarily due to decreased capital expenditures (discussed in more detail below).

Capital expenditures in 2025 were \$1,097 million compared to \$2,287 million in 2024. Flat-Rolled capital expenditures were \$536 million, which includes No. 14 Blast Furnace repairs at Gary Works, ongoing environmental projects and equipment purchases at Minnesota Ore Operations, and various infrastructure, environmental, and modernization projects across the Flat-Rolled footprint. Mini Mill capital expenditures were \$418 million and included spending for the hot mill, cold mill, air separation unit, color coating lines, and additional spending related to sustaining capital expenditures. USSE capital expenditures were \$91 million and included spending related to blast furnace upgrades, implementing a new enterprise resource planning (ERP) system, and various environmental, modernization, and infrastructure projects. Tubular capital expenditures were \$49 million and included infrastructure and steelmaking spend, as well as environmental projects within the Tubular footprint. Other capital expenditures were \$3 million.

Net Cash Provided by, Used in Financing Activities

Net cash provided by financing activities was \$154 million for the twelve months ended December 31, 2025, compared to net cash used in financing activities of \$199 million for the same period in 2024. The period over period increase in cash from financing activities was primarily due to capital contributions received from the Parent company as a result of the closing of the Transaction, partially offset by the repayment of long-term debt.

Certain of our credit facilities, including the Credit Facility Agreement, the Big River Steel ABL Facility, the USSK Credit Agreement and the Export Credit Agreement, contain standard terms and conditions including customary material adverse change clauses. If a material adverse change was to occur, our ability to fund future operating and capital requirements could be negatively impacted.

We use surety bonds, trusts and letters of credit to provide financial assurance for certain transactions and business activities. The use of some forms of financial assurance and cash collateral have a negative impact on liquidity. U. S. Steel has committed \$177 million of liquidity sources for financial assurance purposes as of December 31, 2025. Increases in certain of these commitments which use collateral are reflected within cash, cash equivalents and restricted cash on the Consolidated Statement of Cash Flows.

The maximum guarantees of the indebtedness of unconsolidated entities of U. S. Steel totaled \$7 million at December 31, 2025. If any default related to the guaranteed indebtedness occurs, U. S. Steel has access to its interest in the assets of the investees to reduce its potential losses under the guarantees.

We may from time to time seek to retire or repurchase our outstanding long-term debt through open market purchases, privately negotiated transactions, exchange transactions, redemptions or otherwise. Such purchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements and other factors and may be commenced or suspended at any time. The amounts involved may be material. See Note 15 to the Consolidated Financial Statements for further details regarding U. S. Steel's debt.

Capital Requirements

Capital expenditures for 2026 are expected to total approximately \$2.8 billion.

U. S. Steel's contractual commitments to acquire property, plant and equipment at December 31, 2025, totaled \$646 million.

Liquidity

The following table summarizes U. S. Steel's liquidity as of December 31, 2025:

(Dollars in millions)	
Cash and cash equivalents	\$ 517
Amount available under Credit Facility Agreement	1,573
Amount available under Big River Steel - Revolving Line of Credit	350
Amounts available under USSK Credit Agreement and USSK Credit Facility	202
Total estimated liquidity	\$ 2,642

As of December 31, 2025, \$149 million of the total cash and cash equivalents was held by our foreign subsidiaries. Substantially all of the liquidity attributable to our foreign subsidiaries can be accessed without the imposition of income taxes.

We expect that our estimated liquidity requirements will consist primarily of our 2026 planned capital expenditures, working capital requirements, debt service, and operating costs and employee benefits for our operations. Our available liquidity at December 31, 2025, consists principally of our cash and cash equivalents and available borrowings under the Credit Facility Agreement, Big River Steel ABL Facility, USSK Credit Agreement and the USSK Credit Facility.

Management continues to evaluate market conditions in our industry and our global liquidity position, and may consider additional actions to further strengthen our balance sheet and optimize liquidity, including but not limited to the repayment or refinancing of outstanding debt and the incurrence of additional debt to opportunistically finance new investments.

U. S. Steel management believes that U. S. Steel's liquidity will be adequate to satisfy our cash requirements and obligations for the next twelve months and for the foreseeable future, including obligations to complete currently authorized capital spending programs. Future requirements for U. S. Steel's business needs, including the funding of capital expenditures, scheduled debt maturities, repurchase of debt, contributions to employee benefit plans and any amounts that may ultimately be paid in connection with contingencies, are expected to be funded by a combination of internally generated funds (including asset sales), borrowings, refinancings and other external financing sources.

The Company has a supply chain finance (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 \$95 million. No guarantees or collateral are provided by the Company or any of its subsidiaries under the SCF program.

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 45 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, 2025, the Company's outstanding obligations confirmed as valid under its SCF program were \$171 million.