

UNITED STATES STEEL CORP

Form 10-Q

July 26, 2011

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended June 30, 2011

Or

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

(Exact name of registrant as specified in its charter)

Delaware
(State or other

jurisdiction of

incorporation)

1-16811
(Commission

File Number)

25-1897152
(IRS Employer

Identification No.)

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

15219-2800
(Zip Code)

(412) 433-1121

(Registrant's telephone number,
including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [☒] No [☐]

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

Large accelerated filer ☒

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

Smaller reporting company ☐

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

Yes ☐ No ☒

Common stock outstanding at July 21, 2011 143,996,378 shares

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UNITED STATES STEEL CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited)

(Dollars in millions, except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net sales:				
Net sales	\$ 4,784	\$ 4,283	\$ 9,341	\$ 7,898
Net sales to related parties (Note 19)	336	398	643	679
Total	5,120	4,681	9,984	8,577
Operating expenses (income):				
Cost of sales (excludes items shown below)	4,498	4,184	9,119	7,823
Selling, general and administrative expenses	189	152	369	300
Depreciation, depletion and amortization (Note 5)	171	162	340	327
Income from investees	(31)	(9)	(39)	(4)
Net gain on disposal of assets (Notes 4 and 20)	(4)	(2)	(10)	(5)
Other income, net	(3)	(4)	(4)	(5)
Total	4,820	4,483	9,775	8,436
Income from operations	300	198	209	141
Interest expense	48	52	98	95
Interest income	(1)	(1)	(3)	(4)
Other financial (income) costs (Note 7)	(34)	99	(103)	167
Net interest and other financial costs (income)	13	150	(8)	258
Income (loss) before income taxes	287	48	217	(117)
Income tax provision (Note 9)	65	72	81	65
Net income (loss)	222	(24)	136	(182)
Less: Net income attributable to noncontrolling interests	-	1	-	-
Net income (loss) attributable to United States Steel Corporation	\$ 222	\$ (25)	\$ 136	\$ (182)
Income (loss) per common share (Note 10):				
Net income (loss) per share attributable to United States Steel Corporation shareholders:				
- Basic	\$ 1.54	\$ (0.17)	\$ 0.95	\$ (1.27)
- Diluted	\$ 1.33	\$ (0.17)	\$ 0.85	\$ (1.27)

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

Table of Contents**UNITED STATES STEEL CORPORATION****CONSOLIDATED BALANCE SHEET**

	(Unaudited)	
	June 30,	December 31,
(Dollars in millions)	2011	2010
Assets		
Current assets:		
Cash and cash equivalents	\$ 393	\$ 578
Receivables, less allowance of \$54 and \$48	2,544	1,921
Receivables from related parties (Note 19)	151	102
Inventories (Note 11)	2,698	2,352
Income tax receivable (Note 9)	13	175
Deferred income tax benefits (Note 9)	131	125
Other current assets	91	51
Total current assets	6,021	5,304
Property, plant and equipment	16,551	15,890
Less accumulated depreciation and depletion	9,815	9,404
Total property, plant and equipment, net	6,736	6,486
Investments and long-term receivables, less allowance of \$20 and \$22	687	670
Intangibles net (Note 5)	272	275
Goodwill (Note 5)	1,794	1,760
Deferred income tax benefits (Note 9)	435	515
Other noncurrent assets	300	340
Total assets	\$ 16,245	\$ 15,350
Liabilities		
Current liabilities:		
Accounts payable	\$ 2,077	\$ 1,738
Accounts payable to related parties (Note 19)	76	66
Bank checks outstanding	34	30
Payroll and benefits payable	1,001	938
Accrued taxes (Note 9)	151	116
Accrued interest	43	43
Short-term debt and current maturities of long-term debt (Note 13)	217	216
Total current liabilities	3,599	3,147
Long-term debt, less unamortized discount (Note 13)	3,684	3,517
Employee benefits	4,283	4,365
Deferred credits and other noncurrent liabilities	463	469
Total liabilities	12,029	11,498
Contingencies and commitments (Note 20)		
Stockholders' Equity (Note 18):		
Common stock (150,925,911 shares issued) (Note 10)	151	151
Treasury stock, at cost (6,935,954 and 7,251,715 shares)	(550)	(580)
Additional paid-in capital	3,635	3,650
Retained earnings	3,819	3,698

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Accumulated other comprehensive loss	(2,840)	(3,068)
Total United States Steel Corporation stockholders' equity	4,215	3,851
Noncontrolling interests	1	1
Total liabilities and stockholders' equity	\$ 16,245	\$ 15,350

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

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UNITED STATES STEEL CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

	Six Months Ended June 30,	
(Dollars in millions)	2011	2010
Increase (decrease) in cash and cash equivalents		
Operating activities:		
Net income (loss)	\$ 136	\$ (182)
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation, depletion and amortization <i>(Note 5)</i>	340	327
Provision for doubtful accounts	5	7
Pensions and other postretirement benefits	55	(164)
Deferred income taxes	43	41
Net gain on disposal of assets <i>(Notes 4 and 20)</i>	(10)	(5)
Distributions received, net of equity investees income	(26)	1
Changes in:		
Current receivables	(591)	(882)
Inventories	(275)	(421)
Current accounts payable and accrued expenses	346	609
Income taxes receivable/payable <i>(Note 9)</i>	151	237
Bank checks outstanding	4	(9)
Currency remeasurement (gain)/loss	(145)	180
All other, net	5	(87)
Net cash provided by (used in) operating activities	38	(348)
Investing activities:		
Capital expenditures	(401)	