

UNITED STATES STEEL CORP
Form 10-Q
October 30, 2012

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 September 30, 2012

Or

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

(Exact name of registrant as specified in its charter)

Delaware
(State or other
jurisdiction of
incorporation)

1-16811
(Commission
File Number)

25-1897152
(IRS Employer
Identification No.)

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

(412) 433-1121

15219-2800
(Zip Code)

(Registrant's telephone number,
including area code)

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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 Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

Common stock outstanding at October 24, 2012 144,281,184 shares

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UNITED STATES STEEL CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited)

(Dollars in millions, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net sales:				
Net sales	\$ 4,310	\$ 4,769	\$ 13,838	\$ 14,110
Net sales to related parties <i>(Note 19)</i>	342	312	1,003	955
Total	4,652	5,081	14,841	15,065
Operating expenses (income):				
Cost of sales (excludes items shown below)	4,311	4,560	13,414	13,679
Selling, general and administrative expenses	166	181	512	550
Depreciation, depletion and amortization <i>(Note 5)</i>	163	172	490	512
Income from investees	(48)	(27)	(116)	(66)
Net (gain) loss on disposal of assets <i>(Notes 4 and 20)</i>	(1)	-	308	(10)
Other income, net	(1)	(4)	(9)	(8)
Total	4,590	4,882	14,599	14,657
Income from operations	62	199	242	408
Interest expense <i>(Note 7)</i>	45	47	160	145
Interest income	(1)	(1)	(6)	(4)
Other financial costs (income) <i>(Note 7)</i>	1	98	23	(5)
Net interest and other financial costs	45	144	177	136
Income before income taxes	17	55	65	272
Income tax (benefit) provision <i>(Note 9)</i>	(27)	33	139	114
Net income (loss)	44	22	(74)	158
Less: Net income attributable to noncontrolling interests	-	-	-	-
Net income (loss) attributable to United States Steel Corporation	\$ 44	\$ 22	\$ (74)	\$ 158
Income (loss) per common share <i>(Note 11)</i>:				
Net income (loss) per share attributable to United States Steel Corporation shareholders:				
- Basic	\$ 0.30	\$ 0.15	\$ (0.51)	\$ 1.10
- Diluted	\$ 0.28	\$ 0.15	\$ (0.51)	\$ 1.02

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

UNITED STATES STEEL CORPORATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited)

(Dollars in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net income (loss) attributable to United States Steel Corporation	\$ 44	\$ 22	\$ (74)	\$ 158
Other comprehensive income (loss), net of tax:				
Changes in foreign currency translation adjustments	60	(136)	76	(39)
Changes in pension and other employee benefit accounts	224	67	360	198
Other comprehensive income (loss)	284	(69)	436	159
Comprehensive income (loss) attributable to United States Steel Corporation	\$ 328	\$ (47)	\$ 362	\$ 317

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

UNITED STATES STEEL CORPORATION

CONSOLIDATED BALANCE SHEET

(Dollars in millions)	(Unaudited) September 30, 2012	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 536	\$ 408
Receivables, less allowance of \$55 and \$64	2,239	1,921
Receivables from related parties (Note 19)	173	132
Receivables sold to third party conduits (Note 14)	-	380
Inventories (Note 12)	2,525	2,775
Deferred income tax benefits (Note 9)	119	114
Other current assets	54	44
Total current assets	5,646	5,774
Property, plant and equipment	16,711	16,572
Less accumulated depreciation and depletion	10,321	9,993
Total property, plant and equipment, net	6,390	6,579
Investments and long-term receivables, less allowance of \$3 in both periods	645	683
Intangibles net (Note 5)	257	262
Goodwill (Note 5)	1,814	1,783
Assets held for sale (Note 4)	-	41
Deferred income tax benefits (Note 9)	363	649
Other noncurrent assets	381	302
Total assets	\$ 15,496	\$ 16,073
Liabilities		
Current liabilities:		
Accounts payable	\$ 1,864	\$ 1,977
Accounts payable to related parties (Note 19)	84	86
Bank checks outstanding	49	24
Payroll and benefits payable	1,048	1,003
Accrued taxes	149	118
Accrued interest	72	41
Short-term debt and current maturities of long-term debt (Note 14)	1	20
Borrowings under Receivables Purchase Agreement (Note 14)	-	380
Total current liabilities	3,267	3,649
Long-term debt, less unamortized discount (Note 14)	3,939	3,828
Employee benefits	3,989	4,600
Deferred credits and other noncurrent liabilities	438	495
Total liabilities	11,633	12,572
Contingencies and commitments (Note 20)		
Stockholders Equity (Note 18):		
Common stock (150,925,911 shares issued) (Note 11)	151	151
Treasury stock, at cost (6,644,945 and 6,921,952 shares)	(521)	(550)
Additional paid-in capital	3,642	3,650
Retained earnings	3,520	3,616
Accumulated other comprehensive loss	(2,931)	(3,367)

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Total United States Steel Corporation stockholders' equity	3,861	3,500
Noncontrolling interests	2	1
Total liabilities and stockholders' equity	\$ 15,496	\$ 16,073

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

UNITED STATES STEEL CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS

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