UNITED STATES STEEL CORP
Form 10-Q
July 30, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2014
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	1-16811	25-1897152
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

600 Grant Street, Pittsburgh, PA	15219-2800
(Address of principal executive offices)	(Zip Code)

(412) 433-1121
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes P 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 [P] 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 P	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 P
Common stock outstanding at July 24, 2014 – 145,123,624 shares

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UNITED STATES STEEL CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in millions, except per share amounts)	2014	2013	2014	2013
Net sales:				
Net sales	$4,128	$4,119	$8,297	$8,436
Net sales to related parties (Note 18)	272	310	551	588
Total	4,400	4,429	8,848	9,024
Operating expenses (income):				
Cost of sales (excludes items shown below)	4,097	4,114	8,135	8,356
Selling, general and administrative expenses	143	151	281	296
Depreciation, depletion and amortization	165	170	331	341
(Income) loss from investees	(57)	3	(53)	(5)
Restructuring and other charges (Note 19)	18	—	18	—
Net gain on disposal of assets (Note 20)	(1)	(1)	(21)	—
Other expense, net	—	(1)	—	5
Total	4,365	4,436	8,691	8,993
Income (loss) from operations	35	(7)	157	31
Interest expense	60	58	121	143
Interest income	(1)	(1)	(2)	(2)
Other financial costs	5	11	14	31
Net interest and other financial costs (Note 6)	64	68	133	172
(Loss) income before income taxes and noncontrolling interests	(29)	(75)	24	(141)
Income tax (benefit) provision (Note 8)	(11)	3	(10)	10
Net (loss) income	(18)	(78)	34	(151)
Less: Net income attributable to noncontrolling interests	—	—	—	—
Net (loss) income attributable to United States Steel Corporation	$(18)	$(78)	$34	$(151)
Earnings per common share (Note 10):				
Earnings per share attributable to United States Steel Corporation shareholders:				
-Basic	$(0.12)	$(0.54)	$0.23	$(1.05)
-Diluted	$(0.12)	$(0.54)	$0.23	$(1.05)

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

UNITED STATES STEEL CORPORATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in millions)	2014	2013	2014	2013
Net (loss) income	$(18)	$(78)	$34	$(151)
Other comprehensive (loss) income, net of tax:				
Changes in foreign currency translation adjustments	(12)	19	(14)	(18)
Changes in pension and other employee benefit accounts	72	69	122	138
Total other comprehensive income, net of tax	60	88	108	120
Comprehensive income (loss) including noncontrolling interest	42	10	142	(31)
Comprehensive income attributable to noncontrolling interest	—	—	—	—
Comprehensive income (loss) attributable to United States Steel Corporation	$42	$10	$142	$(31)

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

UNITED STATES STEEL CORPORATION
CONSOLIDATED BALANCE SHEET

(Dollars in millions)	(Unaudited) June 30, 2014	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	$1,471	$604
Receivables, less allowance of $53 in both periods	1,957	1,818
Receivables from related parties (Note 18)	114	157
Inventories (Note 11)	2,337	2,688
Income tax receivable (Note 8)	15	185
Deferred income tax benefits (Note 8)	577	576
Other current assets	56	50
Total current assets	6,527	6,078
Property, plant and equipment	16,827	16,799
Less accumulated depreciation and depletion	11,091	10,877
Total property, plant and equipment, net	5,736	5,922
Investments and long-term receivables, less allowance of $9 and $10	622	621
Intangibles – net (Note 4)	266	271
Deferred income tax benefits (Note 8)	18	16
Other noncurrent assets	237	235
Total assets	$13,406	$13,143
Liabilities		
Current liabilities:		
Accounts payable and other accrued liabilities	$2,186	$1,681
Accounts payable to related parties (Note 18)	108	73
Bank checks outstanding	44	—
Payroll and benefits payable	998	974
Accrued taxes	113	140
Accrued interest	52	54
Short-term debt and current maturities of long-term debt (Note 13)	20	323
Total current liabilities	3,521	3,245
Long-term debt, less unamortized discount (Note 13)	3,605	3,616
Employee benefits	1,841	2,064
Deferred income tax liabilities (Note 8)	506	418
Deferred credits and other noncurrent liabilities	419	424
Total liabilities	9,892	9,767
Contingencies and commitments (Note 20)		
Stockholders’ Equity (Note 16):		
Common stock (150,925,911 shares issued) (Note 10)	151	151
Treasury stock, at cost (5,835,523 and 6,245,666 shares)	(440)	(480)
Additional paid-in capital	3,638	3,667
Retained earnings	1,808	1,789
Accumulated other comprehensive loss (Note 17)	(1,644)	(1,752)
Total United States Steel Corporation stockholders’ equity	3,513	3,375
Noncontrolling interests	1	1
Total liabilities and stockholders’ equity	$13,406	$13,143

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

UNITED STATES STEEL CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
(Dollars in millions)	2014	2013
Increase (decrease) in cash and cash equivalents		
Operating activities:		
Net income (loss)	$34	$(151)
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation, depletion and amortization	331	341
Non-cash restructuring and other charges (Note 19)	18	—
Provision for doubtful accounts	1	(1)
Pensions and other postretirement benefits	(59)	10
Deferred income taxes	16	(2)
Net gain on disposal of assets (Note 20)	(21)	—
Currency remeasurement loss	3	21
Distributions received, net of equity investees (income) loss	(52)	4
Changes in:		
Current receivables	(102)	(64)
Inventories	341	204
Current accounts payable and accrued expenses	594	(10)
Income taxes receivable/payable	153	(3)
Bank checks outstanding	44	32
All other, net	52	3
Net cash provided by operating activities	1,353	384
Investing activities:		
Capital expenditures	(186)	(221)
Acquisition of intangible assets (Note 4)	—	(12)
Disposal of assets	26	1
Change in restricted cash, net	15	34
Investments, net	(2)	(6)
Net cash used in investing activities	(147)	(204)
Financing activities:		
Issuance of long-term debt, net of financing costs	—	576
Repayment of long-term debt	(322)	(542)
Receipts from exercise of stock options	1	—
Dividends paid	(15)	(14)
Net cash (used in) provided by financing activities	(336)	20
Effect of exchange rate changes on cash	(3)	(3)
Net increase in cash and cash equivalents	867	197
Cash and cash equivalents at beginning of year	604	570
Cash and cash equivalents at end of period	$1,471	$767

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

Notes to Consolidated Financial Statements (Unaudited)

1. Basis of Presentation

United States Steel Corporation (U. S. Steel) produces and sells steel products, including flat-rolled and tubular products, in North America and Central Europe. Operations in North America also include iron ore and coke production facilities, railroad services and real estate operations. Operations in Europe also include coke production facilities.

The year-end consolidated balance sheet data was derived from audited statements but does not include all disclosures required for complete financial statements by accounting principles generally accepted in the United States of America (U.S. GAAP). The other information in these financial statements is unaudited but, in the opinion of management, reflects all adjustments necessary for a fair statement of the results for the periods covered. All such adjustments are of a normal recurring nature unless disclosed otherwise. These financial statements, including notes, have been prepared in accordance with the applicable rules of the Securities and Exchange Commission and do not include all of the information and disclosures required by U.S. GAAP for complete financial statements. Additional information is contained in the United States Steel Corporation Annual Report on Form 10-K for the year ended December 31, 2013, which should be read in conjunction with these financial statements.

Revision of prior period financial statements - During the second quarter, the Company identified a prior period error related to the accounting for income taxes associated with the 2013 tax restructuring. The effect of the $27 million adjustment has been recorded in the second quarter as a revision to retained earnings and long-term deferred tax liabilities on the Company’s consolidated balance sheet as of December 31, 2013. The effects of the revision to the Company’s 2013 financial statements in the 2014 Form 10-K will result in an additional tax benefit of $27 million to the previously reported income tax benefit in the consolidated statement of operations and a corresponding decrease to long-term deferred tax liabilities and an increase in retained earnings of $27 million to the previously reported amounts in the consolidated balance sheet. The Company concluded that the impact of this error was not material to the prior period.

2. New Accounting Standards

On May 28, 2014, the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (ASU 2014-09). ASU 2014-09 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASU 2014-09 is effective for interim and annual periods beginning after December 15, 2016; early application is not permitted. U. S. Steel is evaluating the financial statement implications of adopting ASU 2014-09.

On April 10, 2014, the FASB issued Accounting Standards Update No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of components of an Entity (ASU 2014-08). ASU 2014-08 amends the definition of a discontinued operation in ASC 205-20 and requires entities to provide additional disclosures about disposal transactions that do not meet the discontinued-operations criteria. The revised guidance will change how entities identify and disclose information about disposal transactions under U.S. GAAP. ASU 2014-08 is effective for all disposals (or classifications as held for sale) of components of an entity that occur within annual periods beginning on or after December 15, 2014 and interim periods within those years. U. S. Steel is evaluating the financial statement implications of adopting ASU 2014-08.

On July 18, 2013, the FASB issued Accounting Standards Update No. 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (ASU 2013-11). ASU 2013-11 requires the netting of unrecognized tax benefits (UTBs) against a deferred tax asset for a loss or other carryforward that would apply in settlement of the uncertain tax positions. UTBs are required to be netted against all available same-jurisdiction loss or other tax carryforwards that would be utilized, rather than only against carryforwards that are created by the UTBs. ASU 2013-11 was effective for interim and annual periods beginning after December 15, 2013. U. S. Steel early adopted ASU 2013-11 in the second quarter of 2013 on a prospective basis. The adoption did not have a significant impact on U. S. Steel's consolidated financial statements.

On March 4, 2013, the FASB issued Accounting Standards Update No. 2013-05, Parent’s Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries of Groups of Assets within a

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Foreign Entity or of an Investment in a Foreign Entity (ASU 2013-05). ASU 2013-05 applies to the release of the cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a foreign entity. In addition, the amendments in ASU 2013-05 resolve the diversity in practice for the treatment of business combinations achieved in stages (sometimes also referred to as step acquisitions) involving a foreign entity. ASU 2013-05 was effective for interim and annual periods beginning after December 31, 2013. The adoption did not have a significant impact on U. S. Steel’s consolidated financial statements.

On February 28, 2013, the FASB issued Accounting Standards Update No. 2013-04, Obligations Resulting from Joint and Several Liability Arrangements for which the Total Amount of the Obligation Is Fixed at the Reporting Date (ASU 2013-04). ASU 2013-04 requires companies to measure obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date, as the sum of the amount a company has agreed to pay on the basis of its arrangement among its co-obligors and any additional amount a company expects to pay on behalf of its co-obligors. ASU 2013-04 also requires a company to disclose the nature and amount of the obligation as well as other information about those obligations. ASU 2013-04 was effective for interim and annual periods beginning after December 31, 2013. The adoption did not have a significant impact on U. S. Steel’s consolidated financial statements.

3. Segment Information

U. S. Steel has three reportable segments: Flat-rolled Products (Flat-rolled), U. S. Steel Europe (USSE), and Tubular Products (Tubular). The results of several other operating segments that do not constitute reportable segments, which include railroad services and real estate operations, are combined and disclosed in the Other Businesses category.

The chief operating decision maker evaluates performance and determines resource allocations based on a number of factors, the primary measure being income (loss) from operations. Income (loss) from operations for reportable segments and Other Businesses does not include net interest and other financial costs (income), income taxes, postretirement benefit expenses (other than service cost and amortization of prior service cost for active employees) and certain other items that management believes are not indicative of future results. Information on segment assets is not disclosed, as it is not reviewed by the chief operating decision maker.

The accounting principles applied at the operating segment level in determining income (loss) from operations are generally the same as those applied at the consolidated financial statement level. The transfer value for steel rounds from Flat-rolled to Tubular is based on cost. All other 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 Businesses based on measures of activity that management believes are reasonable.

The results of segment operations for the three months ended June 30, 2014 and 2013 are:

(In millions) Three Months Ended June 30, 2014	Customer Sales	Intersegment Sales	Net Sales	Income (loss) from investees	Income (loss) from operations
Flat-rolled	$2,938	$325	$3,263	$56	$30
USSE	757	43	800	—	38
Tubular	686	1	687	3	47
Total reportable segments	4,381	369	4,750	59	115
Other Businesses	19	34	53	(2)	17
Reconciling Items and Eliminations	—	(403)	(403)	—	(97)
Total	$4,400	$—	$4,400	$57	$35
Three Months Ended June 30, 2013					
Flat-rolled	$2,876	$326	$3,202	$3	$(51)
USSE	778	1	779	—	10
Tubular	709	1	710	(5)	45
Total reportable segments	4,363	328	4,691	(2)	4
Other Businesses	66	35	101	(1)	43
Reconciling Items and Eliminations	—	(363)	(363)	—	(54)
Total	$4,429	$—	$4,429	$(3)	$(7)

The results of segment operations for the six months ended June 30, 2014 and 2013 are:

(In millions) Six Months Ended June 30, 2014	Customer Sales	Intersegment Sales	Net Sales	Income (loss) from investees	Income (loss) from operations
Flat-rolled	$5,965	$628	$6,593	$50	$115
USSE	1,516	44	1,560	—	70
Tubular	1,329	2	1,331	5	71
Total reportable segments	8,810	674	9,484	55	256
Other Businesses	38	68	106	(2)	30
Reconciling Items and Eliminations	—	(742)	(742)	—	(129)
Total	$8,848	$—	$8,848	$53	$157
Six Months Ended June 30, 2013					
Flat-rolled	$5,979	$661	$6,640	$13	$(64)
USSE	1,561	2	1,563	—	48
Tubular	1,395	2	1,397	(6)	109
Total reportable segments	8,935	665	9,600	7	93
Other Businesses	89	69	158	(2)	48
Reconciling Items and Eliminations	—	(734)	(734)	—	(110)
Total	$9,024	$—	$9,024	$5	$31

The following is a schedule of reconciling items to income (loss) from operations:

(In millions)	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Items not allocated to segments:				
Postretirement benefit expense [a]	$(32)	$(54)	$(64)	$(110)
Other items not allocated to segments:				
Loss on assets held for sale (Note 19)	(14)	—	(14)	—
Curtailment gain (Note 5)	19	—	19	—
Litigation reserves (Note 20)	(70)	—	(70)	—
Total other items not allocated to segments	(65)	—	(65)	—
Total reconciling items	$(97)	$(54)	$(129)	$(110)

[a] Consists of the net periodic benefit cost elements, other than service cost and amortization of prior service cost for active employees, associated with our pension, retiree health care and life insurance benefit plans.

4. Goodwill and 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 is tested for impairment at the reporting unit level annually in the third quarter and whenever events or circumstances indicate the carrying value may not be recoverable. The evaluation of goodwill impairment involves using either a qualitative or quantitative approach as outlined in Accounting Standards Codification (ASC) Topic 350. U. S. Steel completed its annual goodwill impairment evaluation using the two-step quantitative analysis during the third quarter of 2013. We had two reporting units that included nearly all of our goodwill: our Flat-rolled reporting unit and our Texas Operations reporting unit, which is part of our Tubular operating segment. The results of the second step analysis showed the implied fair value of goodwill was zero for both of our reporting units and therefore, in 2013, U. S. Steel recorded a goodwill impairment charge of $969 million and $837 million for the Flat-rolled reporting unit and the Texas Operations reporting unit, respectively.

As a result of this goodwill impairment charge, there is no goodwill remaining within the Flat-rolled and Tubular segments. Goodwill remaining on our consolidated balance sheet at June 30, 2014 is $4 million within the USSE reporting unit and is included as a component of other noncurrent assets.

Amortizable 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 June 30, 2014 Gross Carrying Amount	Accumulated Amortization	Net Amount	As of December 31, 2013 Gross Carrying Amount	Accumulated Amortization	Net Amount
Customer relationships	22-23 Years	$215	$67	$148	$215	$63	$152
Other	2-20 Years	23	13	10	23	12	11
Total amortizable intangible assets		$238	$80	$158	$238	$75	$163

The carrying amount of acquired water rights with indefinite lives as of both June 30, 2014 and December 31, 2013 totaled $75 million. The water rights are tested for impairment annually in the third quarter. U. S. Steel performed a qualitative impairment evaluation of its water rights for 2013. The 2013 and prior year tests indicated the water rights were not impaired.

During 2013, U. S. Steel acquired indefinite-lived intangible assets for $12 million and entered into an agreement to make future payments contingent upon certain factors. The aggregate purchase price was $36 million, and U. S. Steel allocated $33 million to indefinite-lived intangible assets, based upon their estimated fair value. The liability for contingent consideration will be reassessed each quarter. The maximum potential liability for contingent consideration is $53 million. As of June 30, 2014, U. S. Steel has recorded a liability of $24 million

to reflect the estimated fair value of the contingent consideration. Contingent consideration was valued using a probability weighted discounted cash flow using both Level 2 inputs based on 2013 Standard and Poor's Bond Guide as well Level 3, significant other unobservable inputs, based on internal forecasts and the weighted average cost of capital derived from market data.

Identifiable intangible assets with finite lives are reviewed for impairment whenever events or circumstances indicate that the carrying value may not be recoverable. During the third quarter of 2013, U. S. Steel completed a review of its identifiable intangible assets with finite lives and determined that the assets were not impaired.

Amortization expense was $3 million in the three months ended June 30, 2014 and $2 million in the three months ended June 30, 2013 and $5 million in both the six months ended June 30, 2014 and 2013. The estimated future amortization expense of identifiable intangible assets during the next five years is $5 million for the remaining portion of 2014, $11 million each year from 2015 to 2017, and $10 million for 2018.

5. Pensions and Other Benefits

The following table reflects the components of net periodic benefit cost for the three months ended June 30, 2014 and 2013:

	Pension Benefits		Other Benefits	
(In millions)	2014	2013	2014	2013
Service cost	$27	$32	$6	$7
Interest cost	109	102	37	36
Expected return on plan assets	(154)	(153)	(34)	(32)
Amortization of prior service cost	5	6	(4)	(4)
Amortization of actuarial net loss (gain)	71	91	(1)	7
Net periodic benefit cost, excluding below	58	78	4	14
Multiemployer plans	19	18	—	—
Settlement, termination and curtailment losses/(gains)	8	—	(19)	—
Net periodic benefit cost	$85	$96	$(15)	$14

The following table reflects the components of net periodic benefit cost for the six months ended June 30, 2014 and 2013:

	Pension Benefits		Other Benefits	
(In millions)	2014	2013	2014	2013
Service cost	$54	$64	$12	$14
Interest cost	218	203	73	71
Expected return on plan assets	(307)	(307)	(69)	(65)
Amortization of prior service cost	11	12	(7)	(7)
Amortization of actuarial net loss (gain)	141	183	(2)	15
Net periodic benefit cost, excluding below	117	155	7	28
Multiemployer plans	37	36	—	—
Settlement, termination and curtailment losses/(gains)	15	—	(19)	—
Net periodic benefit cost	$169	$191	$(12)	$28

Settlements and Curtailments

Pension settlements have taken place in the non-qualified pension plan related to the retirement of several U. S. Steel executives that occurred throughout 2013. In accordance with Internal Revenue Code requirements, these executives were required to wait six months before receiving their non-qualified pension payments.

A curtailment gain of $19 million was recognized in the three months ended June 30, 2014 due to a change to the post retirement medical benefits for non-union, pre-Medicare retirees that will take effect after 2017.

Employer Contributions

During the first six months of 2014, U. S. Steel made $38 million in required cash contributions to the U. S. Steel Canada (USSC) pension plans, cash payments of $37 million to the Steelworkers’ Pension Trust and $41 million of pension payments not funded by trusts.

During the first six months of 2014, cash payments of $100 million were made for other postretirement benefit payments not funded by trusts.

Company contributions to defined contribution plans totaled $12 million and $11 million in the three months ended June 30, 2014 and 2013, respectively. Company contributions to defined contribution plans totaled $24 million and $22 million for the six months ended June 30, 2014 and 2013, respectively.

Pension Funding

In November 2013, U. S. Steel's Board of Directors authorized voluntary contributions to U. S. Steel's trusts for pensions and other benefits of up to $300 million through the end of 2015.

6. Net Interest and Other Financial Costs

Net interest and other financial costs includes interest expense (net of capitalized interest), interest income, financing costs, derivatives gains and losses and foreign currency remeasurement gains and losses. Foreign currency gains and losses are a result of foreign currency denominated assets and liabilities that require remeasurement. During the three months ended June 30, 2014 and 2013, net foreign currency remeasurement gains of less than $1 million and losses of $3 million, respectively, were recorded in other financial costs. During the six months ended June 30, 2014 and 2013, net foreign currency remeasurement losses of $1 million and $12 million, respectively, were recorded in other financial costs.

For the six months ended June 30, 2013, net interest and other financial costs also included a charge of $34 million related to repurchases of approximately $542 million aggregate principal amount of our 4.00% Senior Convertible Notes due May 15, 2014.

See Note 12 for additional information on U. S. Steel’s use of derivatives to mitigate its foreign currency exchange rate exposure.

7. Stock-Based Compensation Plans

U. S. Steel has outstanding stock-based compensation awards that were granted by the Compensation & Organization Committee of the Board of Directors (the Committee) under the 2005 Stock Incentive Plan (the Plan), which is more fully described in Note 12 of the United States Steel Corporation 2013 Annual Report on Form 10-K. An aggregate of 21,250,000 shares of U. S. Steel common stock may be issued under the Plan. As of June 30, 2014, 4,597,496 shares were available for future grants.

During the first quarter of 2014, the Committee added return of capital employed (ROCE) as a second performance measure for the 2014 Performance Awards as permitted under the terms of the Plan. Prior to 2014, performance awards were based solely on a total shareholder return (TSR) metric. ROCE awards granted will be measured on a weighted average basis of the Company’s consolidated worldwide income from operations, as adjusted, divided by consolidated worldwide capital employed, as adjusted, over a three year period.

Weighted average ROCE is calculated based on the ROCE achieved in the first, second and third years of the performance period, weighted at 20 percent, 30 percent and 50 percent, respectively. The ROCE awards will payout at approximately 50 percent at the threshold level, 100 percent at the target level and 200 percent at the maximum level. Amounts in between the threshold percentages will be interpolated.

Compensation expense associated with the ROCE awards will be contingent based upon the achievement of the specified ROCE metric as outlined in the Plan and will be adjusted on a quarterly basis to reflect the probability of achieving the ROCE metric.

Recent grants of stock-based compensation consist of stock options, restricted stock units, and TSR and ROCE performance awards. Stock options are generally issued at the market price of the underlying stock on the date of the grant. The 2013 executive grants, however, were issued at the greater of (1) the premium exercise price of $25 or (2) the market price on the grant date. Upon exercise of stock options, shares of U. S. Steel stock are issued from treasury stock. The following table is a general summary of the awards made under the Plan.

	2014 Grants		2013 Grants	
Grant Details	Shares[a]	Fair Value[b]	Shares[a]	Fair Value[b]
Executive Stock Options	441,960	$9.93	483,900	$8.50
Non-executive Stock Options	1,054,480	$9.93	970,640	$9.70
Restricted Stock Units	724,510	$24.29	863,170	$18.64
Performance Awards[c]				
TSR	282,770	$22.09	265,340	$21.26
ROCE	262,800	$23.76	—	$—

[a] The share amounts shown in this table do not reflect an adjustment for estimated forfeitures.
[b] Represents the per share weighted-average for all grants during the year.
[c] The number of performance awards shown represents the target value of the award.

U. S. Steel recognized pre-tax stock-based compensation cost in the amount of $8 million and $9 million in the three months ended June 30, 2014 and 2013, respectively, and $17 million and $19 million in the first six months of 2014 and 2013, respectively.

As of June 30, 2014, total future compensation cost related to nonvested stock-based compensation arrangements was $55 million, and the weighted average period over which this cost is expected to be recognized is approximately 1.5 years.

Compensation expense for stock options is recorded over the vesting period based on the fair value on the date of grant, as calculated by U. S. Steel using the Black-Scholes model and the assumptions listed below. The stock options vest ratably over a three-year service period and have a term of ten years.

Black-Scholes Assumptions[a]	2014 Grants	2013 Executive Grants	2013 Non-Executive Grants
Grant date price per share of option award	$24.29	$18.64	$18.64
Exercise price per share of option award	$24.29	$25.00	$18.64
Expected annual dividends per share, at grant date	$0.20	$0.20	$0.20
Expected life in years	5.0	5.0	5.0
Expected volatility	49%	67%	67%
Risk-free interest rate	1.621%	1.049%	1.049%
Grant date fair value per share of unvested option awards as calculated from above	$9.93	$8.50	$9.70

[a] The assumptions represent a weighted average of all grants during the year.

The expected annual dividends per share are based on the latest annualized dividend rate at the date of grant; the expected life in years is determined primarily from historical stock option exercise data; the expected volatility is based on the historical volatility of U. S. Steel stock; and the risk-free interest rate is based on the U.S. Treasury strip rate for the expected life of the option.

Restricted stock units generally vest ratably over three years. The fair value of the restricted stock units is the market price of the underlying common stock on the date of the grant.

TSR performance awards vest at the end of a three-year performance period as a function of U. S. Steel's total shareholder return compared to the total shareholder return of a group of peer companies over the three-year performance period. TSR performance awards can vest at between zero and 200 percent of the target award. The fair value of the TSR performance awards is calculated using a Monte-Carlo simulation.

ROCE performance awards vest at the end of a three-year performance period contingent upon meeting the specified ROCE metric. ROCE performance awards can vest at between zero and 200 percent of the target award. The fair value of the ROCE performance awards is the average market price of the underlying common stock on the date of grant.

8. Income Taxes

Tax provision

For the six months ended June 30, 2014 and 2013, we recorded a tax benefit of $10 million on our pretax income of $24 million and a tax provision of $10 million on our pretax loss of $141 million, respectively. Included in the tax benefit in the first six months of 2014 is a discrete benefit related to the tentative antitrust settlement discussed in Note 20. The tax provision reflects a benefit for percentage depletion in excess of cost depletion for iron ore that we produce and consume or sell. The tax provision does not reflect any tax benefit for pretax losses in Canada which is a jurisdiction where we have recorded a full valuation allowance on deferred tax assets.

The tax benefit for the first six months of 2014 is based on an estimated annual effective rate, which requires management to make its best estimate of annual pretax income or loss. During the year, management regularly updates forecasted annual pretax results for the various countries in which we operate based on changes in factors such as prices, shipments, product mix, plant operating performance and cost estimates. To the extent that actual 2014 pretax results for U.S. and foreign income or loss vary from estimates applied herein, the actual tax provision or benefit recognized in 2014 could be materially different from the forecasted amount used to estimate the tax provision for the six months ended June 30, 2014.

Income tax refunds

During 2014, U. S. Steel received $176 million representing the majority of its expected federal income tax refund related to the carryback of our 2013 net operating loss to prior years.

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 $118 million at June 30, 2014 and $127 million at December 31, 2013. The total amount of net unrecognized tax benefits that, if recognized, would affect the effective tax rate was $66 million as of June 30, 2014 and $69 million as of December 31, 2013.

U. S. Steel records interest related to uncertain tax positions as a part of net interest and other financial costs in the Consolidated Statement of Operations. Any penalties are recognized as part of selling, general and administrative expenses. As of both June 30, 2014 and December 31, 2013, U. S. Steel had accrued liabilities of $7 million for interest related to uncertain tax positions. U. S. Steel currently does not have a liability for tax penalties.

Deferred taxes

As of June 30, 2014, the net domestic deferred tax asset was $31 million compared to $115 million at December 31, 2013. A substantial amount of U. S. Steel’s domestic deferred tax assets relates to employee benefits that will become deductible for tax purposes over an extended period of time as cash contributions are made to employee benefit plans and retiree benefits are paid in the future. We continue to believe it is more likely than not that the net domestic deferred tax asset will be realized.

As of June 30, 2014, the net foreign deferred tax asset was $58 million, net of established valuation allowances of $1,054 million. At December 31, 2013, the net foreign deferred tax asset was $59 million, net of established valuation allowances of $1,028 million. The net foreign deferred tax asset will fluctuate as the value of the U.S. dollar changes with respect to the euro and the Canadian dollar. At both June 30, 2014 and December 31, 2013, a full valuation allowance was recorded for the net Canadian deferred tax asset primarily due to cumulative losses in Canada.

If evidence changes and it becomes more likely than not that the Company will realize the net Canadian deferred tax asset, the valuation allowance would be partially or fully reversed. Any reversal of this amount would result in a decrease to income tax expense.

9. Significant Equity Investments

Summarized unaudited income statement information for our significant equity investments for the six months ended June 30, 2014 and 2013 is reported below (amounts represent 100% of investee financial information):

(In millions)	2014	2013
Net sales	$1,675	$1,689
Cost of sales	1,399	1,402
Operating income	240	249
Net income	228	235
Net income attributable to significant equity investments	228	235

U. S. Steel’s portion of the equity in net income of the significant equity investments above was $46 million and $9 million for the six months ended June 30, 2014 and 2013, respectively, which is included in the income from investees line on the Consolidated Statement of Operations.

10. Earnings and Dividends Per Common Share

Earnings Per Share Attributable to United States Steel Corporation Shareholders

Basic earnings per common share is based on the weighted average number of common shares outstanding during the period.

Diluted earnings per common share assumes the exercise of stock options, the vesting of restricted stock units and performance awards and the conversion of convertible notes, provided in each case the effect is dilutive. The "if-converted" method was used to calculate the dilutive effect of the 2014 Senior Convertible Notes due May 2014 (2014 Senior Convertible Notes) and the dilutive effect of such securities was included in the calculation for the period prior to repurchase on May 15, 2014. The “treasury stock” method is used to calculate the dilutive effect of the Senior Convertible Notes due in 2019 (due to our current intent and policy, among other factors, to settle the principal amount of the 2019 Senior Convertible Notes in cash upon conversion).

The computations for basic and diluted earnings per common share from continuing operations are as follows:

(Dollars in millions, except per share amounts)	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Net income (loss) attributable to United States Steel Corporation shareholders	$(18)	$(78)	$34	$(151)
Plus income effect of assumed conversion-interest on convertible notes	—	—	—	—
Net income (loss) after assumed conversion	$(18)	$(78)	$34	$(151)
Weighted-average shares outstanding (in thousands):				
Basic	144,884	144,485	144,821	144,419
Effect of convertible notes	—	—	280	—
Effect of stock options, restricted stock units and performance awards	—	—	1,043	—
Adjusted weighted-average shares outstanding, diluted	144,884	144,485	146,144	144,419
Basic earnings per common share	$(0.12)	$(0.54)	$0.23	$(1.05)
Diluted earnings per common share	$(0.12)	$(0.54)	$0.23	$(1.05)

The following table summarizes the securities that were antidilutive, and therefore, were not included in the computations of diluted earnings per common share:

(In thousands)	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Securities granted under the 2005 Stock Incentive Plan	8,630	7,177	3,775	7,177
Securities convertible under the Senior Convertible Notes [a]	4,993	10,058	7,446	18,042
Total	13,623	17,235	11,221	25,219

[a] On March 27, 2013, we repurchased approximately $542 million aggregate principal amount of our 2014 Senior Convertible Notes. If the repurchases had occurred on January 1, 2013, the antidilutive securities would be 10,058 for the six months ended June 30, 2013. Additionally, on May 15, 2014, we redeemed the remaining amount due under the 2014 Senior Convertible Notes. If the redemption had occurred on January 1, 2014, the antidilutive securities would be zero for the six months ended June 30, 2014.

Dividends Paid Per Share

The dividend for each of the first and second quarters of 2014 and 2013 was five cents per common share.

11. Inventories

Inventories are carried at the lower of cost or market. The first-in, first-out method is the predominant method of inventory costing in Europe and Canada. The last-in, first-out (LIFO) method is the predominant method of inventory costing in the United States. At June 30, 2014 and December 31, 2013, the LIFO method accounted for 65 percent and 59 percent of total inventory values, respectively.

(In millions)	June 30, 2014	December 31, 2013
Raw materials	$720	$1,011
Semi-finished products	987	1,023
Finished products	542	558
Supplies and sundry items	88	96
Total	$2,337	$2,688

Current acquisition costs were estimated to exceed the above inventory values by $1.0 billion at both June 30, 2014 and December 31, 2013. As a result of the liquidation of LIFO inventories, cost of sales decreased and income from operations increased by $2 million in the three months ended June 30, 2014 and cost of sales

increased and income from operations decreased $7 million in the six months ended June 30, 2014. The effect of liquidations of LIFO inventories was insignificant for the three and six months ended June 30, 2013.
Inventory includes $80 million and $81 million of property held for residential or commercial development as of June 30, 2014 and December 31, 2013, respectively.

12. Derivative Instruments

U. S. Steel is exposed to foreign currency exchange rate risks as a result of our European and Canadian operations. USSE's revenues are primarily in euros and costs are primarily in U.S. dollars and euros. USSC's revenues and costs are denominated in both Canadian and U.S. dollars. In addition, foreign cash requirements have been, and in the future may be, funded by intercompany loans, creating intercompany monetary assets and liabilities in currencies other than the functional currency of the entities involved, which can affect income when remeasured at the end of each period.
U. S. Steel uses euro forward sales contracts with maturities no longer than 12 months to exchange euros for U.S. dollars 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. U. S. Steel has not elected to designate these euro forward sales contracts as hedges. Therefore, changes in their fair value are recognized immediately in the results of operations. The gains and losses recognized on the euro forward sales contracts may also partially offset the accounting remeasurement gains and losses recognized on intercompany loans.
As of June 30, 2014, U. S. Steel held euro forward sales contracts with a total notional value of approximately $376 million. We mitigate the risk of concentration of counterparty credit risk by purchasing our forward sales contracts from several counterparties.
Additionally, U. S. Steel uses fixed-price forward physical purchase contracts to partially manage our exposure to price risk related to the purchases of natural gas and certain nonferrous metals used in the production process. During 2014 and 2013, the forward physical purchase contracts for natural gas and nonferrous metals qualified for the normal purchases and normal sales exemption described in ASC Topic 815 and were not subject to mark-to-market accounting.

The following summarizes the location and amounts of the fair values and gains or losses related to derivatives included in U. S. Steel's consolidated financial statements as of June 30, 2014 and December 31, 2013 and for the six months ended June 30, 2014 and 2013:

(In millions)	Balance Sheet Location	Fair Value June 30, 2014	Fair Value December 31, 2013
Foreign exchange forward contracts	Accounts receivable	$2	$—
Foreign exchange forward contracts	Accounts payable	$3	$11

(In millions)	Statement of Operations Location	Amount of Gain (Loss) Three Months Ended June 30, 2014	Amount of Gain (Loss) Six months ended June 30, 2014
Foreign exchange forward contracts	Other financial costs	$3	$3

(In millions)	Statement of Operations Location	Amount of Gain (Loss) Three Months Ended June 30, 2013	Amount of Gain (Loss) Six Months Ended June 30, 2013
Foreign exchange forward contracts	Other financial costs	$(7)	$4

In accordance with the guidance found in ASC Topic 820 on fair value measurements and disclosures, the fair value of our euro forward sales contracts 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.

13. Debt

(In millions)	Interest Rates %	Maturity	June 30, 2014	December 31, 2013
2037 Senior Notes	6.65	2037	$350	$350
2022 Senior Notes	7.50	2022	400	400
2021 Senior Notes	6.875	2021	275	275
2020 Senior Notes	7.375	2020	600	600
2018 Senior Notes	7.00	2018	500	500
2017 Senior Notes	6.05	2017	450	450
2019 Senior Convertible Notes	2.75	2019	316	316
2014 Senior Convertible Notes	4.00	2014	—	322
USSC Province Note (C$150 million)	1.00	2015	141	141
Environmental Revenue Bonds	5.38 - 6.88	2015 - 2042	549	549
Recovery Zone Facility Bonds	6.75	2040	70	70
Fairfield Caster Lease		2022	34	35
Other capital leases and all other obligations		2014 - 2020	—	—
Amended Credit Agreement	Variable	2016	—	—
USSK Revolver	Variable	2016	—	—
USSK credit facilities	Variable	2015 - 2016	—	—
Total Debt			3,685	4,008
Less Province Note fair value adjustment			11	15
Less unamortized discount			49	54
Less short-term debt and long-term debt due within one year			20	323
Long-term debt			$3,605	$3,616

To the extent not otherwise discussed below, information concerning the Senior Notes, the Senior Convertible Notes and other listed obligations can be found in Note 14 of the audited financial statements in the 2013 Annual Report on Form 10-K.

In May 2014, U. S. Steel redeemed the remaining $322 million principal amount of our 2014 Senior Convertible Notes with cash. The aggregate price, including accrued and unpaid interest, for the 2014 Senior Convertible Notes was approximately $327 million.

On July 15, 2014, we commenced a consent solicitation directed to the holders of the Company's 2.75% Senior Convertible Notes due 2019 (2019 Senior Notes) to amend certain covenant provisions to exclude an event of default on indebtedness in excess of $100 million by subsidiaries of U. S. Steel organized in Canada. The consent solicitation expired on July 28, 2014 without receiving the requisite level of consent.

Amended Credit Agreement

As of June 30, 2014, there were no amounts drawn on the Amended Credit Agreement and inventory values calculated in accordance with the Amended Credit Agreement supported the full $875 million of the facility. Under the Amended Credit Agreement, U. S. Steel must maintain a fixed charge coverage ratio (as further defined in the Amended Credit Agreement) of at least 1.00 to 1.00 for the most recent four consecutive quarters when availability under the Amended Credit Agreement is less than the greater of 10% of the total aggregate commitments and $87.5 million. Since availability was greater than $87.5 million, compliance with the fixed charge coverage ratio covenant was not applicable.

On July 23, 2014, the Company amended its Amended Credit Agreement to designate USSC and each subsidiary of USSC formed under the laws of Canada or any province thereof as an excluded subsidiary and to waive any event of default that may occur as a result of the Company's 2019 Senior Notes being accelerated or caused to be accelerated as a result of specified actions of USSC.

Receivables Purchase Agreement

As of June 30, 2014, U. S. Steel has a Receivables Purchase Agreement (RPA) under which trade accounts receivable are sold, on a daily basis without recourse, to U. S. Steel Receivables, LLC (USSR), a wholly owned, bankruptcy-remote, special purpose entity used only for the securitization program. As U. S. Steel accesses this facility, USSR sells senior undivided interests in the receivables to a third-party and a third-party commercial paper conduit, while maintaining a subordinated undivided interest in a portion of the receivables. U. S. Steel has agreed to continue servicing the sold receivables at market rates.

At both June 30, 2014 and December 31, 2013, eligible accounts receivable supported $625 million of availability under the RPA and there were no receivables sold to third-party conduits under this facility. The subordinated retained interest was $625 million at both June 30, 2014 and December 31, 2013. Availability under the RPA was $575 million at June 30, 2014, and $572 million at December 31, 2013, due to letters of credit outstanding of $50 million and $53 million, respectively.

USSR pays the third parties a discount based on the third-parties' borrowing costs plus incremental fees. We paid approximately $1 million for each of the three months ended June 30, 2014 and 2013 and approximately $2 million for each of the six months ended June 30, 2014 and 2013, relating to fees on the RPA. These costs are included in other financial costs in the Consolidated Statement of Operations.

Generally, the facility provides that as payments are collected from the sold accounts receivables, USSR may elect to have the third-parties reinvest the proceeds in new eligible accounts receivable. As there was no activity under this facility during the six months ended June 30, 2014 and 2013, there were no collections reinvested.

The eligible accounts receivable and receivables sold to third party conduits are summarized below:

(In millions)	June 30, 2014	December 31, 2013
Balance of accounts receivable-net, eligible for sale to third-parties	$1,048	$988
Accounts receivable sold to third-parties	—	—
Balance included in Receivables on the balance sheet of U. S. Steel	$1,048	$988

The net book value of U. S. Steel's retained interest in the receivables represents the best estimate of the fair market value due to the short-term nature of the receivables. The retained interest in the receivables is recorded net of the allowance for bad debts, which historically have not been significant.

The facility may be terminated on the occurrence and failure to cure certain events, including, among others, failure of USSR to maintain certain ratios related to the collectability of the receivables and failure to make payment under its material debt obligations, and may also be terminated upon a change of control. The facility expires in July 2016.

On July 23, 2014, the RPA was amended to (a) modify a termination event so that if USSC and any of its subsidiaries organized in Canada failed to pay any principal of or premium or interest on any of its debt that is outstanding in a principal amount of at least $100 million, and (b) to waive any termination event occurring as a result of the acceleration by the holders of the Company's 2019 Senior Notes due to the acceleration of any debt of USSC or any of its subsidiaries but only if the notes are promptly paid in full.

U. S. Steel Košice (USSK) credit facilities

At June 30, 2014, USSK had no borrowings under its €200 million (approximately $273 million) unsecured revolving credit facility (the Credit Agreement). The Credit Agreement contains certain USSK financial covenants (as further defined in the Credit Agreement), including maximum Leverage, maximum Net Debt to Tangible Net Worth, and minimum Interest Cover ratios. The covenants are measured semi-annually for the period covering the last twelve calendar months. USSK may not draw on the Credit Agreement if it does not comply with any of the financial covenants until the next measurement date. The Credit Agreement expires in July 2016.

At June 30, 2014, USSK had no borrowings under its €20 million and €10 million unsecured credit facilities (collectively approximately $41 million) and the availability was approximately $40 million due to approximately $1 million of customs and other guarantees outstanding.

Change in control event

If there is a change in control of U. S. Steel, the following may occur: (a) debt obligations totaling $2,891 million as of June 30, 2014 (including the Senior Notes and Senior Convertible Notes) may be declared immediately due and payable; (b) the Amended Credit Agreement, the RPA and USSK's €200 million revolving credit agreement may be terminated and any amounts outstanding declared immediately due and payable; and (c) U. S. Steel may be required to either repurchase the leased Fairfield Works slab caster for $37 million or provide a letter of credit to secure the remaining obligation.

14. Asset Retirement Obligations

U. S. Steel's asset retirement obligations (AROs) primarily relate to mine and landfill closure and post-closure costs. The following table reflects changes in the carrying values of AROs:

(In millions)	June 30, 2014	December 31, 2013
Balance at beginning of year	$59	$33
Additional obligations incurred	—	28
Obligations settled	(2)	(7)
Accretion expense	2	5
Balance at end of period	$59	$59

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.

15. Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, current accounts and notes receivable, accounts payable, bank checks outstanding and accrued interest included in the consolidated balance sheet approximate fair value due to their short-term nature. See Note 12 for disclosure of U. S. Steel's derivative instruments, which are accounted for at fair value on a recurring basis.

The following table summarizes U. S. Steel's financial assets and liabilities that were not carried at fair value at June 30, 2014 and December 31, 2013.

	June 30, 2014		December 31, 2013	
(In millions)	Fair Value	Carrying Amount	Fair Value	Carrying Amount
Financial assets:				
Investments and long-term receivables [(a)]	$45	$45	$63	$63
Financial liabilities:				
Debt [(b)]	$3,947	$3,591	$4,198	$3,904

(a) Excludes equity method investments.

(b) Excludes capital lease obligations.

The following methods and assumptions were used to estimate the fair value of financial instruments included in the table above:

Investments and long-term receivables: Fair value was based on Level 2 inputs which were discounted cash flows. U. S. Steel is subject to market risk and liquidity risk related to its investments.

Long-term debt instruments: Fair value was determined using Level 2 inputs which were derived from quoted market prices and is based on the yield on public debt where available or current borrowing rates available for financings with similar terms and maturities.

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 20.

16. Statement of Changes in Stockholders' Equity

The following table reflects the first six months of 2014 and 2013 reconciliation of the carrying amount of total equity, equity attributable to U. S. Steel and equity attributable to noncontrolling interests:

Six Months Ended June 30, 2014 (In millions)	Total	Comprehensive Income (Loss)	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Common Stock	Treasury Stock	Paid-in Capital	Non-Controlling Interest
Balance at beginning of year	$3,376		$1,789	$(1,752)	$151	$(480)	$3,667	$1
Comprehensive income:								
Net income	34	34	34					
Other comprehensive income (loss), net of tax:								
Pension and other benefit adjustments	122	122		122				
Currency translation adjustment	(14)	(14)						