

UNITED STATES STEEL CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS

(Dollars in millions)	Year Ended December 31,		
	2008	2007	2006
Increase (decrease) in cash and cash equivalents			
Operating activities:			
Net income	\$ 2,112	\$ 879	\$ 1,374
Adjustments to reconcile net cash provided by operating activities:			
Depreciation, depletion and amortization	605	506	441
Provision for doubtful accounts	24	(14)	3
Pensions and other postretirement benefits	(502)	(157)	(209)
Minority interests	42	11	25
Deferred income taxes	366	182	57
Noncash other income (Note 17)	(150)	-	-
Net gains on disposal of assets	(17)	(23)	(13)
Distributions received, net of equity investees income	(29)	24	(9)
Changes in:			
Current receivables -sold	485	440	-
-repurchased	(635)	(290)	-
-operating turnover	(140)	72	(93)
Inventories	(376)	305	(109)
Current accounts payable and accrued expenses	81	(440)	232
Bank checks outstanding	(42)	(13)	(49)
Foreign currency translation	(117)	259	(14)
All other, net	(49)	(9)	(4)
Net cash provided by operating activities	<u>1,658</u>	<u>1,732</u>	<u>1,632</u>
Investing activities:			
Capital expenditures	(735)	(692)	(612)
Capital expenditures – Gateway Energy & Coke Company, LLC	(161)	-	-
Acquisition of non-controlling interests of Clairton 1314B Partnership, L.P.	(104)	-	-
Acquisition of pickle lines	(36)	-	-
Acquisition of Lone Star Technologies, Inc.	-	(1,993)	-
Acquisition of Stelco Inc.	(1)	(2,036)	-
Disposal of assets	24	42	26
Restricted cash, net	2	13	-
Investments, net	(21)	(9)	(4)
Net cash used in investing activities	<u>(1,032)</u>	<u>(4,675)</u>	<u>(590)</u>
Financing activities:			
Revolving credit facilities -borrowings	359	-	-
-repayments	(44)	-	(248)
Issuance of long-term debt, net of refinancing costs	-	2,976	-
Repayment of long-term debt	(380)	(873)	(359)
Common stock issued	5	18	33
Common stock repurchased	(227)	(117)	(442)
Distributions from (to) minority interest owners	102	(14)	(18)
Dividends paid	(129)	(95)	(77)
Excess tax benefits from stock-based compensation	9	9	5
Net cash (used in) provided by financing activities	<u>(305)</u>	<u>1,904</u>	<u>(1,106)</u>
Effect of exchange rate changes on cash	<u>2</u>	<u>18</u>	<u>7</u>
Net increase (decrease) in cash and cash equivalents	<u>323</u>	<u>(1,021)</u>	<u>(57)</u>
Cash and cash equivalents at beginning of year	<u>401</u>	<u>1,422</u>	<u>1,479</u>
Cash and cash equivalents at end of year	<u>\$ 724</u>	<u>\$ 401</u>	<u>\$ 1,422</u>

See Note 24 for supplemental cash flow information.

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