FORM 10-Q

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)

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

For the Quarterly Period Ended September 30, 2000

or

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

For the transition period from ------------ to ------------

USX CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	1-5153	25-0996816
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

600 Grant Street, Pittsburgh, PA	15219-4776
(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..X..No.....

Common stock outstanding at October 31, 2000 follows:

USX-Marathon Group	- 310,455,772 shares
USX-U. S. Steel Group	- 88,767,023 shares

USX CORPORATION
SEC FORM 10-Q
QUARTER ENDED September 30, 2000

INDEX

INDEX

Part I - Financial Information

A. Consolidated Corporation

USX CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)

(Dollars in millions)	Third Quarter Ended September 30 2000	1999	Nine Months Ended September 30 2000	1999
REVENUES:				
Sales	$10,621	$7,827	$30,425	$20,636
Dividend and affiliate income (loss)	46	(39)	81	(28)
Net gains (losses) on disposal of assets	7	5	129	(8)
Gain on ownership change in Marathon Ashland Petroleum LLC	1	11	9	11
Other income	18	9	31	22
Total revenues	10,693	7,813	30,675	20,633
COSTS AND EXPENSES:				
Cost of sales (excludes items shown below)	8,198	5,896	23,324	15,260
Selling, general and administrative expenses	95	60	233	149
Depreciation, depletion and amortization	310	297	949	906
Taxes other than income taxes	1,250	1,121	3,650	3,269
Exploration expenses	51	40	142	162
Inventory market valuation credits	-	(136)	-	(551)
Total costs and expenses	9,904	7,278	28,298	19,195
INCOME FROM OPERATIONS	789	535	2,377	1,438
Net interest and other financial costs	80	92	267	266
Minority interest in income of Marathon Ashland Petroleum LLC	115	148	373	405
INCOME BEFORE INCOME TAXES AND EXTRAORDINARY LOSSES	594	295	1,737	767
Provision for estimated income taxes	454	94	877	267
INCOME BEFORE EXTRAORDINARY LOSSES	140	201	860	500
Extraordinary losses on extinguishment of debt, net of income tax	-	2	-	7
NET INCOME	140	199	860	493
Dividends on preferred stock	2	2	6	7
NET INCOME APPLICABLE TO COMMON STOCKS	$138	$197	$854	$486

<FN>
Selected notes to financial statements appear on pages 9-21.

USX CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF OPERATIONS (Continued) (Unaudited)

INCOME PER COMMON SHARE

(Dollars in millions, except per share amounts)	Third Quarter Ended September 30 2000	1999	Nine Months Ended September 30 2000	1999
APPLICABLE TO MARATHON STOCK:				
Net income	$121	$230	$742	$483
- Per share - basic	.38	.74	2.38	1.56
- diluted	.38	.74	2.37	1.56
Dividends paid per share	.23	.21	.65	.63
Weighted average shares, in thousands				
- Basic	311,847	309,392	312,068	309,160
- Diluted	312,094	309,810	312,272	309,491
APPLICABLE TO STEEL STOCK:				
Income (loss) before extraordinary losses	$17	$(31)	$112	$10
- Per share - basic and diluted	.19	(.35)	1.27	.12
Extraordinary losses, net of income tax	-	2	-	7
- Per share - basic and diluted	-	.02	-	.08
Net income (loss)	$17	$(33)	$112	$3
- Per share - basic and diluted	.19	(.37)	1.27	.04
Dividends paid per share	.25	.25	.75	.75
Weighted average shares, in thousands				
- Basic	88,738	88,394	88,554	88,383
- Diluted	88,738	88,394	88,556	88,385

<FN>
Selected notes to financial statements appear on pages 9-21.

USX CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET (Unaudited)

ASSETS

(Dollars in millions)	September 30 2000	December 31 1999
ASSETS		
Current assets:		
Cash and cash equivalents	$171	$133
Receivables, less allowance for doubtful		

accounts of $16 and $12	3,035	2,706
Inventories	2,886	2,627
Deferred income tax benefits	316	303
Other current assets	269	218
Total current assets	6,677	5,987
Investments and long-term receivables, less reserves of $3 and $3	1,355	1,237
Property, plant and equipment, less accumulated depreciation, depletion and amortization of $17,242 and $16,799	12,718	12,809
Prepaid pensions	2,850	2,629
Other noncurrent assets	270	300
Total assets	$23,870	$22,962

<FN>
Selected notes to financial statements appear on pages 9-21.

USX CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET (Continued) (Unaudited)

LIABILITIES AND STOCKHOLDERS' EQUITY

(Dollars in millions)	September 30 2000	December 31 1999
LIABILITIES		
Current liabilities:		
Notes payable	$65	$-
Accounts payable	3,515	3,440
Payroll and benefits payable	501	468
Accrued taxes	305	283
Accrued interest	64	107
Long-term debt due within one year	709	61
Total current liabilities	5,159	4,359
Long-term debt, less unamortized discount	3,128	4,222
Deferred income taxes	2,366	1,839
Employee benefits	2,818	2,809
Deferred credits and other liabilities	652	691
Preferred stock of subsidiary	250	250

USX obligated mandatorily redeemable convertible preferred securities of a subsidiary trust holding solely junior subordinated convertible debentures of USX	183	183
Minority interest in Marathon Ashland Petroleum LLC	1,922	1,753
STOCKHOLDERS' EQUITY		
Preferred stock -		
6.50% Cumulative Convertible issued - 2,421,987 shares and 2,715,287 shares ($121 and $136 liquidation preference, respectively)	2	3
Common stocks:		
Marathon Stock issued - 312,165,978 shares and 311,767,181 shares	312	312
Steel Stock issued - 88,767,395 shares and 88,397,714 shares	89	88
Securities exchangeable solely into Marathon Stock issued - 281,539 shares and 288,621 shares	-	-
Treasury common stock, at cost -		
Marathon Stock 1,397,400 shares and -0- shares	(37)	-
Additional paid-in capital	4,675	4,673
Deferred compensation	(8)	-
Retained earnings	2,392	1,807
Accumulated other comprehensive income (loss)	(33)	(27)
Total stockholders' equity	7,392	6,856
Total liabilities and stockholders' equity	$23,870	$22,962

<FN>
Selected notes to financial statements appear on pages 9-21.

USX CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

(Dollars in millions)	Nine Months Ended September 30 2000	1999
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
OPERATING ACTIVITIES:		
Net income	$860	$493
Adjustments to reconcile to net cash provided from operating activities:		
Extraordinary losses	-	7
Minority interest in income of Marathon Ashland Petroleum LLC	373	405
Depreciation, depletion and amortization	949	906
Exploratory dry well costs	52	74
Inventory market valuation credits	-	(551)
Pensions and other postretirement benefits	(217)	(156)
Deferred income taxes	522	161
Gain on ownership change in Marathon Ashland Petroleum LLC	(9)	(11)
Net (gains) losses on disposal of assets	(129)	8
Changes in:		
Current receivables - sold	-	30
- operating turnover	(334)	(816)
Inventories	(259)	(116)
Current accounts payable and accrued expenses	(20)	742
All other - net	(32)	126
Net cash provided from operating activities	1,756	1,302
INVESTING ACTIVITIES:		
Capital expenditures	(1,011)	(1,048)
Disposal of assets	269	261

Restricted cash - withdrawals	219	54
- deposits	(207)	(39)
Affiliates - investments	(80)	(17)
- loans and advances	(13)	(104)
- returns and repayments	9	1
All other - net	20	(4)
Net cash used in investing activities	(794)	(896)
FINANCING ACTIVITIES:		
Commercial paper and revolving credit arrangements - net	(329)	(126)
Other debt - borrowings	273	460
- repayments	(328)	(240)
Common stock - issued	-	46
- repurchased	(37)	-
Preferred stock repurchased	(12)	-
Dividends paid	(275)	(266)
Distributions to minority shareholder of Marathon Ashland Petroleum LLC	(212)	(333)
Net cash used in financing activities	(920)	(459)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(4)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	38	(53)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	133	146
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$171	$93
Cash used in operating activities included:		
Interest and other financial costs paid (net of amount capitalized)	$(301)	$(313)
Income taxes paid	(381)	(36)

<FN>
Selected notes to financial statements appear on pages 9-21.

USX CORPORATION AND SUBSIDIARY COMPANIES
SELECTED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. The information furnished in these financial statements is unaudited but, in the opinion of management, reflects all adjustments necessary for a fair presentation of the results for the periods covered. All such adjustments are of a normal recurring nature unless disclosed otherwise. These financial statements, including selected 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 generally accepted accounting principles for complete financial statements. Certain reclassifications of prior year data have been made to conform to 2000 classifications. Additional information is contained in the USX Annual Report on Form 10-K for the year ended December 31, 1999.

   In March 2000, the Emerging Issues Task Force of the Financial Accounting Standards Board (EITF) issued EITF Topic No. D-88, which requires companies to disclose their accounting policy for costs incurred in connection with planned major maintenance activities. For USX, such costs primarily are associated with refinery turnarounds in the Marathon Group and blast furnace relines in the U. S. Steel Group. Costs associated with refinery turnarounds are expensed in the same annual period as incurred; however, estimated annual turnaround costs are recognized in income throughout the year on a pro rata basis. Costs associated with blast furnace relines are separately capitalized in property, plant and equipment. Such costs are amortized over their estimated useful life, which is generally the period until the next scheduled reline.

2. In August 1999, USX and Kobe Steel, Ltd. (Kobe Steel) completed a transaction that combined the steelmaking and bar producing assets of USS/Kobe Steel Company (USS/Kobe) with companies controlled by Blackstone Capital Partners II. The combined entity was named Republic Technologies International, LLC (Republic). In addition, USX made a $15 million equity

investment in Republic. USX owned 50% of USS/Kobe and now owns 16% of Republic. USX accounts for its investment in Republic under the equity method of accounting. The seamless pipe business of USS/Kobe was excluded from this transaction. That business, now known as Lorain Tubular Company LLC, is a wholly owned subsidiary of USX.

Third quarter 2000 dividend and affiliate income (loss) includes $10 million in charges related to USX's share of impairment and restructuring charges of Republic. In addition, third quarter 1999 dividend and affiliate income (loss) includes $50 million in charges related to the impairment of the carrying value of USX's investment in USS/Kobe and costs related to the formation of Republic.

In the third quarter of 2000, Republic underwent a financial restructuring to improve its liquidity position and to assist in making the semi-annual interest payment on its senior secured notes. As part of this restructuring, Republic received approximately $30 million in loans from certain of its direct and indirect equity partners in exchange for notes of Republic and warrants to purchase Class D common stock of Republic Technologies International, Inc., Republic's majority owner. USX loaned approximately $6 million to Republic as part of this transaction. USX also agreed to certain deferred payment terms into 2002 on up to a maximum of $30 million of obligations relating to an iron ore pellets supply agreement.

3. The Marathon Group's operations consist of three reportable operating segments: 1) Exploration and Production (E&P) - explores for and produces crude oil and natural gas on a worldwide basis; 2) Refining, Marketing and Transportation (RM&T) - refines, markets and transports crude oil and petroleum products, primarily in the Midwest and southeastern United States through Marathon Ashland Petroleum LLC (MAP); and 3) Other Energy Related Businesses (OERB). OERB is an aggregation of two segments which fall below the quantitative reporting thresholds: 1) Natural Gas and Crude Oil Marketing and Transportation - markets and transports its own and third-party natural gas and crude oil in the United States; and 2) Power Generation - develops, constructs and operates independent electric power projects worldwide. The U. S. Steel Group consists of one operating segment, U. S. Steel (USS). USS is engaged in the production and sale of steel mill products, coke and taconite pellets. USS also engages in the following related business activities: the management of mineral resources, domestic coal mining, engineering and consulting services, and real estate development and management. The results of segment operations are as follows:

(In millions)	E&P	RM&T	OERB	Total Marathon Segments	USS	Total
THIRD QUARTER 2000						
Revenues:						
Customer	$1,124	$7,595	$490	$9,209	$1,412	$10,621
Intersegment (a)	74	10	20	104	-	104
Intergroup (a)	9	-	10	19	5	24
Equity in earnings of unconsolidated affiliates	28	5	4	37	6	43
Other	5	13	3	21	7	28
Total revenues	$1,240	$7,623	$527	$9,390	$1,430	$10,820
Segment income	$465	$299	$12	$776	$23	$799
THIRD QUARTER 1999						
Revenues:						

Customer	$820	$5,413	$219	$6,452	$1,376	$7,828
Intersegment (a)	61	16	9	86	-	86
Intergroup (a)	5	-	7	12	2	14
Equity in earnings (losses) of unconsolidated affiliates	(2)	6	5	9	(3)	6
Other	1	12	3	16	12	28
Total revenues	$885	$5,447	$243	$6,575	$1,387	$7,962
Segment income	$201	$236	$13	$450	$3	$453

<FN>
(a) Intersegment and intergroup sales and transfers were conducted under terms comparable to those with unrelated parties.

3. (Continued)

(In millions)	E&P	RM&T	OERB	Total Marathon Segments	USS	Total
NINE MONTHS ENDED SEPTEMBER 30, 2000						
Revenues:						
Customer	$3,175	$21,576	$1,145	$25,896	$4,529	$30,425
Intersegment (a)	262	79	52	393	-	393
Intergroup (a)	20	-	21	41	13	54
Equity in earnings of unconsolidated affiliates	24	15	12	51	13	64
Other	15	33	9	57	33	90
Total revenues	$3,496	$21,703	$1,239	$26,438	$4,588	$31,026
Segment income	$1,130	$968	$25	$2,123	$145	$2,268
NINE MONTHS ENDED SEPTEMBER 30, 1999						
Revenues:						
Customer	$2,081	$14,229	$414	$16,724	$3,913	$20,637
Intersegment (a)	129	25	24	178	-	178
Intergroup (a)	12	-	15	27	14	41
Equity in earnings (losses) of unconsolidated affiliates	2	13	18	33	(36)	(3)
Other	20	28	12	60	33	93
Total revenues	$2,244	$14,295	$483	$17,022	$3,924	$20,946
Segment income	$361	$509	$47	$917	$43	$960

<FN>
(a) Intersegment and intergroup sales and transfers were conducted under terms comparable to those with unrelated parties.

3. (Continued)

The following schedules reconcile segment revenues and income to amounts reported in the Marathon and U. S. Steel Groups' financial statements:

(In millions)	Marathon Group Third Quarter Ended September 30 2000	1999	U. S. Steel Group Third Quarter Ended September 30 2000	1999
Revenues:				
Revenues of reportable segments	$9,390	$6,575	$1,430	$1,387
Items not allocated to segments:				
Gain on ownership change in MAP	1	11	-	-
Other (a)	-	(10)	-	(50)
Elimination of intersegment revenues	(104)	(86)	-	-
Total Group revenues	$9,287	$6,490	$1,430	$1,337
Income:				
Income for reportable segments	$776	$450	$23	$3
Items not allocated to segments:				
Gain on ownership change in MAP	1	11	-	-
Administrative expenses	(48)	(26)	(7)	(4)
Net pension credits	-	-	67	46
Costs related to former business activities	-	-	(23)	(21)
Inventory market valuation adjustments	-	136	-	-
Other (a)	-	(10)	-	(50)
Total Group income (loss) from operations	$729	$561	$60	$(26)

<FN>
(a) Represents in 1999 for the Marathon Group, mainly the loss on sale of certain domestic production properties and for the U. S. Steel Group, impairment of investment in USS/Kobe and costs related to the formation of Republic.

Effective January 1, 2000, USX changed its methodology for allocating the pension credit or cost associated with its principal U. S. Steel pension plans for internal business performance reporting purposes. Since future contributions to these plans are expected to be minimal due to their overfunded position, no pension credit or cost is allocated to the U. S. Steel operating segment. Prior years' segment income or loss has been restated to conform with the current allocation methodology.

3. (Continued)

(In millions)	Marathon Group Nine Months Ended September 30 2000	1999	U. S. Steel Group Nine Months Ended September 30 2000	1999
Revenues:				
Revenues of reportable segments	$26,438	$17,022	$4,588	$3,924
Items not allocated to segments:				
Gain on ownership change in MAP	9	11	-	-
Other (a)	87	(33)	-	(72)
Elimination of intersegment revenues	(393)	(178)	-	-
Total Group revenues	$26,141	$16,822	$4,588	$3,852

Income:				
Income for reportable segments	$2,123	$917	$145	$43
Items not allocated to segments:				
Gain on ownership change in MAP	9	11	-	-
Administrative expenses	(105)	(83)	(18)	(17)
Net pension credits	-	-	199	186
Costs related to former business activities	-	-	(63)	(65)
Inventory market valuation adjustments	-	551	-	-
Other (a)	87	(33)	-	(72)
Total Group income from operations	$2,114	$1,363	$263	$75

<FN>
(a) Represents for the Marathon Group in 2000, gain on disposition of Angus/Stellaria and in 1999, mainly the loss on sale of Scurlock Permian LLC, Carnegie Natural Gas Company and subsidiaries, and certain domestic production properties. For the U. S. Steel Group in 1999, represents impairment of investment in USS/Kobe and costs related to the formation of Republic and loss on investment in RTI International Metals, Inc. stock used to satisfy indexed debt obligations.

4. In 1998, Marathon Oil Company (Marathon) and Ashland Inc. (Ashland) combined the major elements of their refining, marketing and transportation (RM&T) operations. Marathon transferred certain RM&T assets to Marathon Ashland Petroleum LLC (MAP), a new consolidated subsidiary. Also, Marathon acquired certain RM&T net assets from Ashland in exchange for a 38% interest in MAP. In accordance with MAP closing agreements, Marathon and Ashland made capital contributions to MAP for environmental improvements. The closing agreements stipulate that ownership interests in MAP will not be adjusted as a result of such contributions. Accordingly, Marathon recognized a gain on ownership change of $1 million in the third quarter of 2000 and $9 million in the nine months of 2000 and $11 million in the third quarter and nine months of 1999.

5. Inventories are carried at lower of cost or market. Cost of inventories is determined primarily under the last-in, first-out (LIFO) method.

	(In millions) September 30 2000	December 31 1999
Raw materials	$976	$830
Semi-finished products	391	392
Finished products	1,354	1,239
Supplies and sundry items	165	166
Total (at cost)	2,886	2,627
Less inventory market valuation reserve	-	-
Net inventory carrying value	$2,886	$2,627

The inventory market valuation reserve reflects the extent that the recorded LIFO cost basis of crude oil and refined products inventories exceeds net realizable value. The reserve is decreased to reflect increases in market prices and inventory turnover and increased to reflect decreases in market prices. Changes in the inventory market valuation reserve result in noncash charges or credits to costs and expenses. For additional information, see discussion of results of operations in the Marathon Group Management's Discussion and Analysis of Financial Condition and Results of Operations.

6. Total comprehensive income was $138 million for the third quarter of 2000, $208 million for the third quarter of 1999, $854 million for the nine months of 2000 and $496 million for the nine months of 1999.

7. The method of calculating net income (loss) per share for the Marathon Stock and Steel Stock reflects the USX Board of Directors' intent that the separately reported earnings and surplus of the Marathon Group and the U. S. Steel Group, as determined consistent with the USX Restated Certificate of Incorporation, are available for payment of dividends on the respective classes of stock, although legally available funds and liquidation preferences of these classes of stock do not necessarily correspond with these amounts. The financial statements of the Marathon Group and the U. S. Steel Group, taken together, include all accounts which comprise the corresponding consolidated financial statements of USX.

   Basic net income (loss) per share is calculated by adjusting net income for dividend requirements of preferred stock and is based on the weighted average number of common shares outstanding.

   Diluted net income (loss) per share assumes exercise of stock options, provided the effect is not antidilutive.

7. (Continued)

COMPUTATION OF INCOME PER SHARE

	Third Quarter Ended September 30			
	2000		1999	
	Basic	Diluted	Basic	Diluted
Marathon Group				
Net income (millions)	$121	$121	$230	$230
Shares of common stock outstanding (thousands):				
Average number of common shares outstanding	311,847	311,847	309,392	309,392
Effect of dilutive securities - stock options	-	247	-	418
Average common shares and dilutive effect	311,847	312,094	309,392	309,810
Net income per share	$.38	$.38	$.74	$.74
U. S. Steel Group				
Net income (loss) (millions):				
Income (loss) before extraordinary loss	$19	$19	$(29)	$(29)
Dividends on preferred stock	2	2	2	2
Extraordinary loss	-	-	2	2
Net income (loss) applicable to Steel Stock	$17	$17	$(33)	$(33)
Shares of common stock outstanding (thousands) -				
Average number of common shares outstanding	88,738	88,738	88,394	88,394
Per share:				
Income (loss) before extraordinary loss	$.19	$.19	$(.35)	$(.35)
Extraordinary loss	-	-	.02	.02
Net income (loss)	$.19	$.19	$(.37)	$(.37)

7. (Continued)

COMPUTATION OF INCOME PER SHARE

	Nine Months Ended September 30 2000 Basic	2000 Diluted	1999 Basic	1999 Diluted
Marathon Group				
Net income (millions)	$742	$742	$483	$483
Shares of common stock outstanding (thousands):				
Average number of common shares outstanding	312,068	312,068	309,160	309,160
Effect of dilutive securities - stock options	-	204	-	331
Average common shares and dilutive effect	312,068	312,272	309,160	309,491
Net income per share	$2.38	$2.37	$1.56	$1.56
U. S. Steel Group				
Net income (millions):				
Income before extraordinary loss	$118	$118	$17	$17
Dividends on preferred stock	6	6	7	7
Extraordinary loss	-	-	7	7
Net income applicable to Steel Stock	$112	$112	$3	$3
Shares of common stock outstanding (thousands):				
Average number of common shares outstanding	88,554	88,554	88,383	88,383
Effect of dilutive securities - stock options	-	2	-	2
Average common shares and dilutive effect	88,554	88,556	88,383	88,385
Per share:				
Income before extraordinary loss	$1.27	$1.27	$.12	$.12
Extraordinary loss	-	-	.08	.08
Net income	$1.27	$1.27	$.04	$.04

8. In 1999, USX irrevocably deposited with a trustee the entire 5.5 million common shares it owned in RTI International Metals, Inc. (RTI). The deposit of the shares resulted in the satisfaction of USX's obligation under its 6-3/4% Exchangeable Notes (indexed debt) due February 1, 2000. Under the terms of the indenture, the trustee exchanged one RTI share for each note at maturity; therefore, none reverted back to USX.

As a result of the above transaction, USX recorded in the first quarter of 1999 an extraordinary loss of $5 million, net of a $3 million income tax benefit, representing prepaid interest expense and the write-off of unamortized debt issue costs, and a pretax charge of $22 million, representing the difference between the carrying value of the investment in RTI and the carrying value of the indexed debt, which is included in net gains (losses) on disposal of assets.

Additionally, a $13 million credit to adjust the indexed debt to settlement value at March 31, 1999, is included in net interest and other financial costs.

In December 1996, USX had issued the $117 million of notes indexed to the common share price of RTI. At maturity, USX would have been required to exchange the notes for shares of RTI common stock, or redeem the notes for the equivalent amount of cash. Since USX's investment in RTI was attributed to the U. S. Steel Group, the indexed debt was also attributed to the U. S. Steel Group. USX had a 26% investment in RTI and accounted for its investment using the equity method of accounting.

Republic Technologies International, LLC, an equity method affiliate of USX, recorded in the third quarter of 1999 an extraordinary loss related to the early extinguishment of debt. As a result, USX recorded an extraordinary loss of $2 million, net of a $1 million income tax benefit, representing its share of the extraordinary loss.

9. The items below are included in both revenues and costs and expenses, resulting in no effect on income.

	(In millions)			
	Third Quarter Ended September 30		Nine Months Ended September 30	
	2000	1999	2000	1999
Matching crude oil and refined product buy/sell transactions settled in cash	$1,192	$901	$3,662	$2,471
Consumer excise taxes on petroleum products and merchandise	1,121	1,007	3,268	2,923

10. The provision for estimated income taxes for the periods reported is based on tax rates and amounts which recognize management's best estimate of current and deferred tax assets and liabilities.

The third quarter and nine month 2000 income tax provisions include a one-time, noncash adjustment to deferred tax expense of $235 million, which is discussed further in Note 17.

11. In the second quarter of 1999, USX recognized a one-time pretax settlement gain of $35 million, related mainly to pension costs of employees who retired under the U. S. Steel Group 1998 voluntary early retirement program. This noncash settlement gain is included in selling, general and administrative expenses.

12. At September 30, 2000, USX had no borrowings against its $2,350 million revolving credit facility.

At September 30, 2000, MAP had no borrowings against its $500 million revolving credit agreements with banks and had no amounts outstanding against its $190 million revolving credit agreement with Ashland.

USX has a short-term credit agreement totaling $125 million at September 30, 2000. Interest is based on the bank's prime rate or London Interbank Offered Rate (LIBOR), and carries a facility fee of .15%. Certain other banks provide short-term lines of credit totaling $150 million which require a .125% fee or maintenance of compensating balances of 3%. At September 30, 2000, there were no borrowings against these facilities. USX had other outstanding short-term borrowings of $65 million.

In December 1999, USX entered into a secured borrowing agreement for $350 million, under which the U. S. Steel Group participated in a program to sell an undivided interest in certain accounts receivable. At December 31, 1999, the receivables facility was considered long-term, since it could be refinanced by USX's long-term revolving credit facility. In August 2000, the revolving credit facility became due within one year, resulting in the receivables facility being reclassified to short-term debt.

In the event of a change in control of USX, debt obligations totaling $3,077 million at September 30, 2000, may be declared immediately due and payable.

13. In July 2000, the Board of Directors of USX Corporation authorized the spending of up to $450 million to repurchase shares of USX-Marathon Group Common Stock (Marathon Stock), such purchases to be made from time to time as the Corporation's financial condition and market conditions warrant. During the third quarter of 2000, 1.4 million shares of Marathon Stock were repurchased for $37 million.

14. In 1997, USX sold its stock in Delhi Gas Pipeline Corporation and other subsidiaries of USX that comprised all of the Delhi Group. The net proceeds of the sale of $195 million were used to redeem all shares of USX-Delhi Group Common Stock (Delhi Stock) and were distributed to the holders thereof on January 26, 1998. After the redemption, 50,000,000 shares of Delhi Stock remain authorized but unissued.

15. USX is the subject of, or a 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

15. (Continued)

financial statements. However, management believes that USX will remain a viable and competitive enterprise even though it is possible that these contingencies could be resolved unfavorably. See discussion of Liquidity in USX Consolidated Management's Discussion and Analysis of Financial Condition and Results of Operations.

USX 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. At September 30, 2000, and December 31, 1999, accrued liabilities for remediation totaled $187 million and $170 million, respectively. It is not presently possible to estimate the ultimate amount of all remediation costs that might be incurred or the penalties that may be imposed. Receivables for recoverable costs from certain states, under programs to assist companies in cleanup efforts related to underground storage tanks at retail marketing outlets, were $57 million at September 30, 2000, and $52 million at December 31, 1999.

For a number of years, USX has made substantial capital expenditures to bring existing facilities into compliance with various laws relating to the environment. In the nine months of 2000 and for the years 1999 and 1998, such capital expenditures totaled $38 million, $78 million and $132 million, respectively. USX anticipates making additional such expenditures in the future; however, the exact amounts and timing of such expenditures are uncertain because of the continuing evolution of specific regulatory requirements.

At September 30, 2000, and December 31, 1999, accrued liabilities for platform abandonment and dismantlement totaled $161 million and $152 million, respectively.

Guarantees by USX of the liabilities of affiliated entities totaled $219 million at September 30, 2000. In the event that any defaults of guaranteed liabilities occur, USX has access to its interest in the assets of most of the affiliates to reduce losses resulting from these guarantees. As of September 30, 2000, the largest guarantee for a single affiliate was $131 million.

At September 30, 2000, USX's pro rata share of obligations of LOOP LLC and various pipeline affiliates secured by throughput and deficiency agreements totaled $120 million. Under the agreements, USX is required to advance funds if the affiliates are unable to service debt. Any such advances are prepayments of future transportation charges.

Contract commitments to acquire property, plant and equipment and long-term investments at September 30, 2000, totaled $719 million compared with $568 million at December 31, 1999.

16. In the fourth quarter 2000, USX must adopt several recently issued accounting pronouncements primarily related to the classification of items in the statement of operations. In December 1999, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. 101 (SAB 101) "Revenue Recognition in Financial Statements," which summarizes the SEC staff's interpretations of generally accepted accounting principles related to revenue recognition and classification. During the third quarter 2000, the EITF issued EITF Consensus No. 99-19 "Reporting Revenue Gross as a Principal versus Net as an Agent", which addresses whether certain cost items should be reported as a reduction of revenue or as a component of cost of sales, and EITF Consensus No. 00-10 "Accounting for Shipping and Handling Fees and Costs," which addresses the classification of costs incurred for shipping goods to customers. The adoption of these new pronouncements will have no net effect on the financial position or results of operations of USX, although they will require reclassifications of certain amounts in the statement of operations.

17. On October 19, 2000, the Marathon Group of USX signed a definitive agreement with Shell to transfer its 37.5 percent interest in Sakhalin Energy Investment Company Ltd.(Sakhalin Energy). In exchange, the Marathon Group will receive certain Shell interests in the UK Atlantic Margin area and the U.S. Gulf of Mexico as well as reimbursement for all Sakhalin project capital expenditures made by the Marathon Group in 2000. The closing and transfer of operations are expected to take place in early December 2000.

    The increased likelihood of closing this transaction resulted in a one-time, noncash deferred tax charge of $235 million in the third quarter of 2000. Balance sheet net deferred tax liabilities include deferred U.S. tax benefits related to certain foreign subsidiaries. Until now, management concluded it was likely that income from foreign sources, such as Sakhalin Energy, would allow these benefits to be realized in the future. The definitive agreement to transfer the Marathon Group's interest in Sakhalin Energy affects the timing, amount and nature of expected future foreign source income, decreasing the likelihood that these tax benefits will be realized.

18. Definitive agreements have been executed regarding the following transactions, which will be accounted for as business combinations. The transactions are expected to close shortly after the receipt of any required approvals and the clearance of all preclosing conditions.

    On September 29, 2000, final documents were signed for the acquisition by USX of the steel operations and related assets of VSZ a.s. (VSZ). The transaction was approved by VSZ shareholders on October 12, 2000. The transaction must be approved by the Slovak government's anti-monopoly office. These operations are located in Kosice, Slovak Republic and will be known as U. S. Steel Kosice s.r.o. (USSK). An initial cash payment to VSZ of $60 million will be made at closing. An additional payment to VSZ of not less than $25 million and up to $75 million is contingent upon the future performance of USSK. Additionally, $325 million of debt will be issued by USSK to VSZ's lenders prior to closing. The acquisition will be accounted for under the purchase method of accounting.

USX CORPORATION AND SUBSIDIARY COMPANIES
SELECTED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

18. (Continued)

Prior to this transaction, USX and VSZ were joint partners in VSZ U. S. Steel s. r.o. (VSZUSS), a tin mill products manufacturer. The assets of USSK will include VSZ's interest in VSZUSS. The acquisition of the remaining interest in VSZUSS will be accounted for under the purchase method of accounting. Previously, USX had accounted for its investment in VSZUSS under the equity method of accounting.

In October 2000, Transtar, Inc. (Transtar) announced that it had entered into a Reorganization and Exchange Agreement with its two voting shareholders, USX and Transtar Holdings, L.P. (Holdings), an affiliate of Blackstone Capital Partners L.P. As a result of this transaction, USX will become sole owner of Transtar and certain of its subsidiaries. Holdings will become owner of the other subsidiaries of Transtar. USX will account for the change in its ownership interest in Transtar under the purchase method of accounting. Previously, USX had accounted for its investment in Transtar under the equity method of accounting.

Also in October 2000, USX agreed to purchase the tin mill products business of LTV Corporation (LTV). Terms of this noncash transaction call for USX to assume certain employee-related obligations of LTV. The acquisition will be accounted for under the purchase method of accounting.

Both the Transtar and the LTV transactions are subject to certain government approvals and clearances. The LTV transaction is also subject to certain third party consents and customary closing conditions.

USX CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES
AND PREFERRED STOCK DIVIDENDS
TOTAL ENTERPRISE BASIS - (Unaudited)
CONTINUING OPERATIONS

Nine Months Ended September 30		Year Ended December 31				
2000	1999	1999	1998	1997	1996	1995
6.60	4.30	4.20	3.45	3.63	3.41	1.46

USX CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
TOTAL ENTERPRISE BASIS - (Unaudited)
CONTINUING OPERATIONS

Nine Months Ended September 30		Year Ended December 31				

2000	1999	1999	1998	1997	1996	1995
6.77	4.43	4.32	3.56	3.79	3.65	1.58

USX Corporation ("USX") is a diversified company that is principally engaged in the energy business through its Marathon Group and in the steel business through its U. S. Steel Group. The following discussion should be read in conjunction with the third quarter 2000 USX Consolidated Financial Statements and Selected Notes to Financial Statements. For income per common share amounts applicable to USX's two classes of common stock, USX-Marathon Group Common Stock ("Marathon Stock") and USX-U. S. Steel Group Common Stock ("Steel Stock"), see Consolidated Statement of Operations - Income per Common Share. For individual Group results, see Management's Discussion and Analysis of Financial Condition and Results of Operations for the Marathon Group and the U. S. Steel Group. For operating statistics, see Supplemental Statistics following Management's Discussion and Analysis of Financial Condition and Results of Operations for each of the respective Groups.

Certain sections of Management's Discussion and Analysis include forward-looking statements concerning trends or events potentially affecting USX. These statements typically contain words such as "anticipates", "believes", "estimates", "expects" or similar words indicating that future outcomes are uncertain. In accordance with "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, these statements are accompanied by cautionary language identifying important factors, though not necessarily all such factors, that could cause future outcomes to differ materially from those set forth in the forward-looking statements. For additional risk factors affecting the businesses of USX, see Supplementary Data - Disclosures About Forward-Looking Statements in the USX 1999 Form 10-K.

Results of Operations

Revenues for the third quarter and the first nine months of 2000 and 1999 are set forth in the following table:

(Dollars in millions)	Third Quarter Ended September 30 2000	1999	Nine Months Ended September 30 2000	1999
Revenues				
Marathon Group	$9,287	$6,490	$26,141	$16,822
U. S. Steel Group	1,430	1,337	4,588	3,852
Eliminations	(24)	(14)	(54)	(41)
Total USX Corporation revenues	$10,693	$7,813	$30,675	$20,633
Less:				
Excise taxes (a)(b)	1,121	1,007	3,268	2,923
Matching buy/sell transactions (a)(c)	1,192	901	3,662	2,471
Revenues excluding above items	$8,380	$5,905	$23,745	$15,239

<FN>
(a) Included in both revenues and costs and expenses for the Marathon Group and USX consolidated.
(b) Consumer excise taxes on petroleum products and merchandise.

(c) Matching crude oil and refined products buy/sell transactions settled in cash.

Revenues (excluding excise taxes and matching buy/sell transactions) increased by $2,475 million in the third quarter of 2000 as compared with the third quarter of 1999, reflecting increases of $2,392 million for the Marathon Group and $93 million for the U. S. Steel Group, before intergroup eliminations. For the first nine months of 2000, revenues increased $8,506 million as compared with the same period of 1999, reflecting increases of $7,783 million for the Marathon Group and $736 million for the U. S. Steel Group, before intergroup eliminations.

For discussion of revenues by Group, see Management's Discussion and Analysis of Financial Condition and Results of Operations for the Marathon Group and the U. S. Steel Group.

Income from operations for the third quarter and the first nine months of 2000 and 1999 are set forth in the following table:

(Dollars in millions)	Third Quarter Ended September 30 2000	1999	Nine Months Ended September 30 2000	1999
Reportable segments				
Marathon Group				
Exploration & production	$465	$201	$1,130	$361
Refining, marketing & transportation	299	236	968	509
Other energy related businesses	12	13	25	47
Income for reportable segments-Marathon Group	$776	$450	$2,123	$917
U. S. Steel Group				
Income for reportable segment	23	3	145	43
Income for reportable segments-USX Corporation	799	453	2,268	960
Items not allocated to segments:				
Marathon Group	(47)	111	(9)	446
U. S. Steel Group	37	(29)	118	32
Total income from operations-USX Corporation	$789	$535	$2,377	$1,438

Income for reportable segments increased by $346 million in the third quarter of 2000 as compared with the third quarter of 1999, reflecting increases of $326 million for the Marathon Group reportable segments and $20 million for the U. S. Steel Group reportable segment. Income for reportable segments in the first nine months of 2000 increased by $1,308 million compared with the first nine months of 1999, reflecting increases of $1,206 million for the Marathon Group reportable segments and $102 million for the U. S. Steel Group reportable segment.

For discussion of income from operations, see Management's Discussion and Analysis of Financial Condition and Results of Operations for the Marathon Group and the U. S. Steel Group.

Net interest and other financial costs for the third quarter and first nine months of 2000 and 1999 are set forth in the following table:

(Dollars in millions)	Third Quarter Ended September 30 2000	1999	Nine Months Ended September 30 2000	1999
Net interest and other financial costs	$80	$92	$267	$266
Less:				
Favorable adjustment to carrying value of indexed debt(a)	-	-	-	(13)
Net interest and other financial costs adjusted to exclude above item	$80	$92	$267	$279

<FN>
(a) For further discussion, see the Exchangeable Notes discussion in Note 8 to the USX Consolidated Financial Statements.

Provisions for estimated income taxes of $454 million and $877 million for the third quarter and the first nine months of 2000, respectively, were based on tax rates and amounts that recognize management's best estimate of current and deferred tax assets and liabilities and included a $235 million one-time, noncash deferred tax charge related to the exchange involving Marathon's interest in Sakhalin Energy Investment Company Ltd. (see Note 17 to the USX Consolidated Financial Statements).

Extraordinary loss on extinguishment of debt of $2 million (net of $1 million income tax benefit) in the third quarter of 1999 was USX's share of Republic's extraordinary loss related to the early extinguishment of debt. The $7 million for the first nine months of 1999 included this charge and a $5 million loss (net of a $3 million income tax benefit) resulting from the satisfaction of the indexed debt. For further discussion, see Note 8 to the USX Consolidated Financial Statements.

Net income was $140 million for the third quarter of 2000, a decrease of $59 million compared to the third quarter of 1999 reflecting a decrease of $109 million for the Marathon Group and an increase of $50 million for the U. S. Steel Group. Net income was $860 million for the first nine months of 2000, an increase of $367 million compared with the first nine months of 1999, reflecting increases of $259 million for the Marathon Group and $108 million for the U. S. Steel Group.

Dividends to Stockholders

On October 31, 2000, the USX Board of Directors (the "Board") declared dividends of 23 cents per share on Marathon Stock and 25 cents per share on Steel Stock, payable December 9, 2000, to stockholders of record at the close of business on November 16, 2000. The Board also declared a dividend of $0.8125 per share on USX's 6.50% Cumulative Convertible Preferred Stock, payable December 29, 2000, to stockholders of record at the close of business on December 1, 2000.

On October 31, 2000, Marathon Oil Canada Limited, an indirect subsidiary of Marathon Oil Company, declared a dividend of CDN $0.3512 per share on its non-voting Exchangeable Shares, payable December 9, 2000, to stockholders of record at the close of business on November 16, 2000.

Cash Flows

Cash and cash equivalents totaled $171 million at September 30, 2000, compared with $133 million at December 31, 1999, an increase of $38 million reflecting a $54 million increase for the Marathon Group and a $16 million decrease for the U. S. Steel Group.

Net cash provided from operating activities totaled $1,756 million in the first nine months of 2000, a $454 million increase from the first nine months of 1999, reflecting a $607 million increase for the Marathon Group and a $153 million decrease for the U. S. Steel Group. The increase primarily reflects higher net income partially offset by income tax payments. For details, see Management's Discussion and Analysis of Financial Condition and Results of Operation for each Group.

Capital expenditures for property, plant and equipment in the first nine months of 2000 were $1,011 million compared with $1,048 million for the first nine months of 1999. For details by Group, see USX Corporation - Financial Statistics, following Management's Discussion and Analysis of Financial Condition and Results of Operations.

Contract commitments to acquire property, plant and equipment and long-term investments at September 30, 2000, totaled $719 million compared with $568 million at December 31, 1999.

Cash from disposal of assets was $269 million in the first nine months of 2000, compared with $261 million in the first nine months of 1999. Proceeds in 2000 were mainly from the disposition of Marathon's 33.34 percent interest in the Angus/Stellaria development in the Gulf of Mexico. Proceeds in 1999 were mainly from the sale of Scurlock Permian LLC and domestic production properties.

The net change in restricted cash was a net withdrawal of $12 million in the first nine months of 2000, compared with a net withdrawal of $15 million in the first nine months of 1999. Restricted cash in both periods primarily reflected the net effects of cash deposited and withdrawn from domestic production property dispositions and acquisitions.

Financial obligations (the net of commercial paper and revolving credit agreements, debt borrowings and repayments on the Consolidated Statement of Cash Flows) decreased $384 million in the first nine months of 2000 compared with an increase of $94 million in the first nine months of 1999. The decrease in 2000 reflects net cash provided from operating activities and asset sales in excess of cash used for capital expenditures, dividend payments, and distributions.

Common stock repurchased was $37 million in the first nine months of 2000. Based on USX Board of Directors' authorization, in the third quarter of 2000, 1.4 million shares of Marathon Stock were repurchased. For further details, see Liquidity discussion for USX Corporation and Subsidiary Companies.

Distributions to minority shareholder of MAP were $212 million in the first nine months of 2000, compared with $333 million in the first nine months of 1999. For further details, see Management's Discussion and Analysis of Financial Condition and Results of Operations for the Marathon Group.

Liquidity

At September 30, 2000, USX had no borrowings against its $2,350 million revolving credit agreement which is scheduled to terminate in August 2001. At September 30, 2000, MAP had no borrowings against its bank revolving credit agreements. MAP's $100 million revolving credit facility is scheduled to terminate in July 2001. MAP's $400 million revolving credit facility terminates in July 2003.

On July 25, 2000, the USX Board of Directors authorized the spending of up to $450 million to repurchase shares of its Marathon Stock, such purchases to be made from time to time as the Corporation's financial condition and market conditions warrant. During the third quarter of 2000, 1.4 million shares ($37 million) of Marathon Stock were repurchased. The repurchase program does not include specific price targets or timetables, and is subject to termination prior to completion. During the repurchase program, offerings of Marathon Stock under the Marathon Group Dividend Reinvestment and Direct Stock Purchase Plan have been suspended for first-time, non-employee purchasers. In addition, offerings of Steel Stock under the U. S. Steel Group Dividend Reinvestment and Direct Stock Purchase Plan have also been suspended for first-time, non-employee purchasers.

USX management believes that its short-term and long-term liquidity is adequate to satisfy its obligations as of September 30, 2000, and to complete currently authorized capital spending programs. Future requirements for USX's business needs, including the funding of capital expenditures, debt maturities for the balance of 2000 and years 2001 and 2002, and any amounts that may ultimately be

paid in connection with contingencies (which are discussed in Note 15 to the USX Consolidated Financial Statements), are expected to be financed by a combination of internally generated funds, proceeds from the sale of stock, borrowings and other external financing sources.

USX management's opinion concerning liquidity and USX's ability to avail itself in the future of the financing options mentioned in the above forward-looking statements are based on currently available information. To the extent that this information proves to be inaccurate, future availability of financing may be adversely affected. Factors that could affect the availability of financing include the performance of each Group (as measured by various factors including cash provided from operating activities), the state of worldwide debt and equity markets, investor perceptions and expectations of past and future performance, the overall U.S. financial climate, and, in particular, with respect to borrowings, by levels of USX's outstanding debt and credit ratings by rating agencies.

Environmental Matters, Contingencies and Commitments

USX has incurred and will continue to incur substantial capital, operating and maintenance, and remediation expenditures as a result of environmental laws and regulations. To the extent these expenditures, as with all costs, are not ultimately reflected in the prices of USX's products and services, operating results will be adversely affected. USX believes that domestic competitors of the U. S. Steel Group and substantially all the competitors of the Marathon Group are subject to similar environmental laws and regulations. However, the specific impact on each competitor may vary depending on a number of factors, including the age and location of its operating facilities, marketing areas, production processes and the specific products and services it provides.

USX has been notified that it is a potentially responsible party ("PRP") at 40 waste sites under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") as of September 30, 2000. In addition, there are 19 sites where USX has received information requests or other indications that USX may be a PRP under CERCLA but where sufficient information is not presently available to confirm the existence of liability. There are also 145 additional sites, excluding retail gasoline stations, where remediation is being sought under other environmental statutes, both federal and state, or where private parties are seeking remediation through discussions or litigation. Of these sites, 15 were associated with properties conveyed to MAP by Ashland for which Ashland has retained liability for all costs associated with remediation. At many of these sites, USX is one of a number of parties involved and the total cost of remediation, as well as USX's share thereof, is frequently dependent upon the outcome of investigations and remedial studies. USX accrues for environmental remediation activities when the responsibility to remediate is probable and the amount of associated costs is reasonably determinable. As environmental remediation matters proceed toward ultimate resolution or as additional remediation obligations arise, charges in excess of those previously accrued may be required.

New Tier II Fuels regulations were proposed in late 1999 and the U.S. Environmental Protection Agency ("EPA") has since finalized the rules for gasoline; however, the rules for diesel fuel are not yet final. The gasoline rules, which are finalized and the diesel fuel rules, which are not yet final are expected to require reduced sulfur levels. It is anticipated that if final diesel regulations are adopted, consistent with the published proposed regulations, then the combined compliance cost for the gasoline and diesel regulations could amount to $600 to $700 million between 2003 and 2005. This is a forward-looking statement and can only be a broad-based estimate due to the ongoing evolution of regulatory requirements. Some factors (among others) that could potentially affect gasoline and diesel fuel compliance costs include adoption of final diesel fuel regulations, obtaining the necessary construction and environmental permits, operating considerations, and unforeseen hazards such as weather conditions.

MAP has responded to information requests from the EPA regarding New Source Review ("NSR") compliance at its Garyville and Texas City refineries. In addition, the scope of the EPA's 1998 multi-media inspections of the Detroit and Robinson refineries included NSR compliance. NSR requires new major stationary sources and major modifications at existing major stationary sources to obtain permits, perform air quality analysis and install stringent air pollution control equipment at affected facilities. The current EPA initiative appears to target many items that the industry has historically considered routine repair, replacement and maintenance or other activity exempted from the NSR requirements. MAP is engaged in ongoing discussions with the EPA on these issues concerning all of MAP's refineries.

While MAP has not been notified of any formal findings or violations resulting from either the information requests or inspections regarding NSR compliance; MAP has been informed during discussions with the EPA of potential non-compliance concerns of the EPA based on these inspections and other information identified by the EPA. Currently, discussions with the EPA have been of a general and technical nature without any commitment to specific control technologies, implementation schedules or possible penalties. It is possible that a framework for resolution of these issues could be reached as early as the fourth quarter of this year and that any resolution may include other pending matters such as those arising from the EPA's 1998 multi-media inspections.

In October 1998, the National Enforcement Investigations Center and Region V of the EPA conducted a multi-media inspection of MAP's Detroit refinery. Subsequently, in November 1998, Region V conducted a multi-media inspection of MAP's Robinson refinery. These inspections covered compliance with the Clean Air Act (New Source Performance Standards, Prevention of Significant Deterioration, and the National Emission Standards for Hazardous Air Pollutants for Benzene), the Clean Water Act (permit exceedances for the Waste Water Treatment Plant), reporting obligations under the Emergency Planning and Community Right to Know Act and the handling of process waste. Although MAP has been advised as to certain compliance issues regarding MAP's Detroit refinery, complete findings on the results of the inspections have not been issued. Thus far, MAP has been served with two Notices of Violation ("NOV")and three Findings of Violation in connection with the multi-media inspections at its Detroit refinery. The Detroit notices allege violations of the

Michigan State Air Pollution Regulation, the EPA New Source Performance Standards and National Emission Standards for Hazardous Air Pollutant for benzene. On March 6, 2000, MAP received its first NOV arising out of the multi-media inspection of the Robinson Refinery conducted in November 1998. The NOV is for alleged Resource Conservation and Recovery Act (hazardous waste) violations. MAP can contest the factual and legal basis for the allegations prior to the EPA taking enforcement action. At this time, it is not known when complete findings on the results of these multi-media inspections will be issued.

In 1996, USX was notified by the Indiana Department of Environmental Management ("IDEM") acting as lead trustee, that IDEM and the U.S. Department of the Interior had concluded a preliminary investigation of potential injuries to natural resources related to releases of hazardous substances and oil into the Grand Calumet River, Indiana Harbor Canal and Indiana Harbor near Gary Works. USX was identified as a PRP along with 15 other companies owning property along the river, harbor canal and harbor. The public trustees have completed a preassessment screen pursuant to federal regulations and are performing a

Natural Resource Damage Assessment. USX is cooperating with eight other PRPs in a joint defense group which is currently engaged in settlement discussions with the public trustees and EPA.

In February 1999, the United States Department of Justice and the EPA issued a letter demanding a cash payment of approximately $4 million to resolve a Finding of Violation issued in 1997 alleging improper sampling of benzene waste streams at Gary Works. On September 18, 2000, a Consent Decree was entered with the United States District Court which settled the alleged violation of the benzene National Emissions Standards for Hazardous Air Pollutants. U. S. Steel agreed to pay a civil penalty of $587,000 and to complete a Supplemental Environmental Project removing transformers containing polychlorinated biphenyl at a cost of approximately $2.2 million. Payment of the civil penalty was made on October 13, 2000.

USX is the subject of, or a 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 (see Note 15 to the USX Consolidated Financial Statements for a discussion of certain of these matters). The ultimate resolution of these contingencies could, individually or in the aggregate, be material to the USX Consolidated Financial Statements. However, management believes that USX will remain a viable and competitive enterprise even though it is possible that these contingencies could be resolved unfavorably. See discussion of Liquidity herein.

Outlook

See Outlook in Management's Discussion and Analysis of Financial Condition and Results of Operations for the Marathon Group and the U. S. Steel Group.

USX CORPORATION AND SUBSIDIARY COMPANIES QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Commodity Price Risk and Related Risks

Sensitivity analysis of the incremental effects on income before income taxes of hypothetical 10% and 25% changes in commodity prices for open derivative commodity instruments are provided in the following table(a):

	Incremental Decrease in Income Before Income Taxes Assuming a Hypothetical Price Change of:		
(Dollars in millions)	10%	25%	
Derivative Commodity Instruments			
Marathon Group (b) (c)			
Crude oil			
Other than trading (f)(g)	$19.8	$54.6	(d)
Natural gas			
Other than trading (f)(g)	4.3	10.6	(d)
Refined products			
Other than trading (f)(g)	11.1	29.6	(d)
U. S. Steel Group			
Zinc			
Other than trading	.2	.4	(e)
Tin			
Other than trading	.1	.2	(e)

<FN>

(a) Gains and losses on derivative commodity instruments used for other than trading activities are generally offset by price changes in the underlying commodity. Effects of these offsets are not reflected in the sensitivity analyses. Amounts reflect the estimated incremental decrease in income before income taxes of hypothetical 10% and 25% changes in closing commodity prices for each open contract position at September 30, 2000. Management evaluates the portfolios of derivative commodity instruments on an ongoing basis and adjusts strategies to reflect anticipated market conditions, changes in risk profiles and overall business objectives. Changes to the portfolios subsequent to September 30, 2000, will cause future income before income tax effects to differ from those presented in the table.

(b) The number of net open contracts varied throughout third quarter 2000, from a low of 12,252 contracts at July 5, to a high of 34,126 contracts at September 27, and averaged 21,063 for the quarter. The derivative commodity instruments used and hedging positions taken also varied throughout third quarter 2000, and will continue to vary in the future. Because of these variations in the composition of the portfolio over time, the number of open contracts, by itself, cannot be used to predict future income effects.

(c) The calculation of sensitivity amounts for basis swaps assumes that the physical and paper indices are perfectly correlated. Gains and losses on options are based on changes in intrinsic value only.

(d) Price increase.

(e) Price decrease.

(f) The direction of the price change used in calculating the sensitivity amount for each commodity reflects that which would result in the largest incremental decrease in income before income taxes when applied to the derivative commodity instruments used to hedge that commodity.

(g) Adjusted to reflect Marathon's 62 percent ownership of MAP.

Interest Rate Risk

USX is subject to the effects of interest rate fluctuations on certain of its non-derivative financial instruments. A sensitivity analysis of the projected incremental effect of a hypothetical 10% decrease in September 30, 2000 interest rates on the fair value of USX's non-derivative financial instruments is provided in the following table:

(Dollars in millions)

As of September 30, 2000

Non-Derivative Financial Instruments(a)	Carrying Value	Fair Value	Incremental Increase in Fair Value(b)
Financial assets:			
Investments and long-term receivables	$188	$241	$ -
Financial liabilities:			
Long-term debt (c)(d)	$3,734	$3,885	$154
Preferred stock of subsidiary	250	241	21
USX obligated mandatorily redeemable convertible preferred securities of a subsidiary trust	183	129	11
Total liabilities	$4,167	$4,255	$186

<FN>

(a) Fair values of cash and cash equivalents, receivables, notes payable, accounts payable and accrued interest, approximate carrying value and are relatively insensitive to changes in interest rates due to the short-term maturity of the instruments. Accordingly, these instruments are excluded from the table.

(b) Reflects, by class of financial instrument, the estimated incremental effect of a hypothetical 10% decrease in interest rates at September 30, 2000 on the fair value of USX's non-derivative financial instruments. For financial liabilities, this assumes a 10% decrease in the weighted average yield to maturity of USX's long-term debt at September 30, 2000.

(c) Includes amounts due within one year.

(d) Fair value was based on market prices where available, or current borrowing rates for financings with similar terms and maturities.

USX CORPORATION AND SUBSIDIARY COMPANIES
QUANTITATIVE AND QUALITATIVE
DISCLOSURES ABOUT MARKET RISK

Foreign Currency Exchange Rate Risk

USX is subject to the risk of price fluctuations related to anticipated revenues and operating costs, firm commitments for capital expenditures and existing assets or liabilities denominated in currencies other than U.S. dollars. USX has not generally used derivative instruments to manage this risk. However, USX has made limited use of forward currency contracts to manage exposure to certain currency price fluctuations. At September 30, 2000, USX had open Canadian dollar forward purchase contracts with a total carrying value of approximately $9 million. A 10% increase in the Canadian dollar to U.S. dollar forward rate would result in a charge to income of approximately $1 million.

Equity Price Risk

As of September 30, 2000, USX had no material exposure to equity price risk.

Safe Harbor

USX's Quantitative and Qualitative Disclosures About Market Risk include forward-looking statements with respect to management's opinion about risks associated with USX's use of derivative instruments. These statements are based on certain assumptions with respect to market prices and industry supply and demand for crude oil, natural gas, refined products, steel products and certain raw materials. To the extent that these assumptions prove to be inaccurate, future outcomes with respect to USX's derivative usage may differ materially from those discussed in the forward-looking statements.

USX CORPORATION

(Dollars in millions)	Third Quarter Ended September 30 2000	1999	Nine Months Ended September 30 2000	1999
REVENUES				
Marathon Group	$9,287	$6,490	$26,141	$16,822
U. S. Steel Group	1,430	1,337	4,588	3,852
Eliminations	(24)	(14)	(54)	(41)
Total	$10,693	$7,813	$30,675	$20,633
INCOME FROM OPERATIONS				
Marathon Group	$729	$561	$2,114	$1,363
U. S. Steel Group	60	(26)	263	75
Total	$789	$535	$2,377	$1,438

CASH FLOW DATA

CAPITAL EXPENDITURES				
Marathon Group	$302	$295	$878	$827
U. S. Steel Group	36	68	133	221

Total	$338	$363	$1,011	$1,048

INVESTMENTS (RETURNS) & OTHER AFFILIATE ACTIVITY - NET

Marathon Group	$4	$49	$58	$105
U. S. Steel Group	15	15	26	15
Total	$19	$64	$84	$120

Part I - Financial Information (Continued):

B. Marathon Group

MARATHON GROUP OF USX CORPORATION
STATEMENT OF OPERATIONS (Unaudited)

(Dollars in millions, except per share amounts)	Third Quarter Ended September 30 2000	1999	Nine Months Ended September 30 2000	1999
REVENUES:				
Sales	$9,228	$6,464	$25,937	$16,751
Dividend and affiliate income	40	14	68	58
Net gains (losses) on disposal of assets	1	(6)	95	(17)
Gain on ownership change in Marathon Ashland Petroleum LLC	1	11	9	11
Other income	17	7	32	19
Total revenues	9,287	6,490	26,141	16,822
COSTS AND EXPENSES:				
Cost of sales (excludes items shown below)	6,923	4,621	19,275	11,695
Selling, general and administrative expenses	151	121	409	375
Depreciation, depletion and amortization	241	219	727	678
Taxes other than income taxes	1,192	1,064	3,474	3,100
Exploration expenses	51	40	142	162
Inventory market valuation credits	-	(136)	-	(551)
Total costs and expenses	8,558	5,929	24,027	15,459
INCOME FROM OPERATIONS	729	561	2,114	1,363
Net interest and other financial costs	53	72	192	218
Minority interest in income of Marathon Ashland Petroleum LLC	115	148	373	405
INCOME BEFORE INCOME TAXES	561	341	1,549	740
Provision for estimated income taxes	440	111	807	257
NET INCOME	$121	$230	$742	$483
MARATHON STOCK DATA:				
Net income per share - basic	$.38	$.74	$2.38	$1.56
- diluted	.38	.74	2.37	1.56
Dividends paid per share	.23	.21	.65	.63
Weighted average shares, in thousands				
- Basic	311,847	309,392	312,068	309,160
- Diluted	312,094	309,810	312,272	309,491

<FN>
Selected notes to financial statements appear on pages 39-48.

MARATHON GROUP OF USX CORPORATION
BALANCE SHEET (Unaudited)

(Dollars in millions)	September 30 2000	December 31 1999
ASSETS		
Current assets:		
Cash and cash equivalents	$165	$111
Receivables, less allowance for doubtful accounts of $2 and $2	2,212	1,876
Inventories	2,030	1,884
Deferred income tax benefits	32	23
Other current assets	259	218
Total current assets	4,698	4,112
Investments and long-term receivables	857	762
Property, plant and equipment, less accumulated depreciation, depletion and amortization of $10,837 and $10,567	10,305	10,293
Prepaid pensions	234	225
Other noncurrent assets	282	313
Total assets	$16,376	$15,705
LIABILITIES		
Current liabilities:		
Notes payable	$52	$-
Accounts payable	2,888	2,685
Payroll and benefits payable	185	146
Income taxes payable	129	97
Accrued taxes	130	107
Accrued interest	50	92
Long-term debt due within one year	287	48
Total current liabilities	3,721	3,175
Long-term debt, less unamortized discount	2,445	3,320
Deferred income taxes	1,814	1,495
Employee benefits	603	564
Deferred credits and other liabilities	387	414
Preferred stock of subsidiary	184	184
Minority interest in Marathon Ashland Petroleum LLC	1,922	1,753
COMMON STOCKHOLDERS' EQUITY	5,300	4,800
Total liabilities and common stockholders' equity	$16,376	$15,705

<FN>
Selected notes to financial statements appear on pages 39-48.

MARATHON GROUP OF USX CORPORATION
STATEMENT OF CASH FLOWS (Unaudited)

(Dollars in millions)	Nine Months Ended September 30 2000	1999
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		

OPERATING ACTIVITIES:		
Net income	$742	$483
Adjustments to reconcile to net cash provided from operating activities:		
Minority interest in income of Marathon Ashland Petroleum LLC	373	405
Depreciation, depletion and amortization	727	678
Exploratory dry well costs	52	74
Inventory market valuation credits	-	(551)
Pensions and other postretirement benefits	17	41
Deferred income taxes	314	89
Gain on ownership change in Marathon Ashland Petroleum LLC	(9)	(11)
Net (gains) losses on disposal of assets	(95)	17
Changes in:		
Current receivables	(334)	(667)
Inventories	(146)	(95)
Current accounts payable and accrued expenses	149	630
All other - net	(39)	51
Net cash provided from operating activities	1,751	1,144
INVESTING ACTIVITIES:		
Capital expenditures	(878)	(827)
Disposal of assets	252	255
Restricted cash - withdrawals	216	39
- deposits	(205)	(25)
Affiliates - investments	(62)	(2)
- loans and advances	(5)	(104)
- returns and repayments	9	1
All other - net	16	(10)
Net cash used in investing activities	(657)	(673)
FINANCING ACTIVITIES:		
Decrease in Marathon Group's portion of USX consolidated debt	(586)	(41)
Specifically attributed debt - borrowings	273	141
- repayments	(271)	(141)
Marathon Stock - issued	-	46
- repurchased	(37)	-
Dividends paid	(203)	(193)
Distributions to minority shareholder of Marathon Ashland Petroleum LLC	(212)	(333)
Net cash used in financing activities	(1,036)	(521)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(4)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	54	(50)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	111	137
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$165	$87
Cash used in operating activities included:		
Interest and other financial costs paid (net of amount capitalized)	$(233)	$(250)
Income taxes paid, including settlements with the U. S. Steel Group	(466)	(31)

<FN>
Selected notes to financial statements appear on pages 39-48.

MARATHON GROUP OF USX CORPORATION
SELECTED NOTES TO FINANCIAL STATEMENTS

(Unaudited)

1. The information furnished in these financial statements is unaudited but, in the opinion of management, reflects all adjustments necessary for a fair presentation of the results for the periods covered. All such adjustments are of a normal recurring nature unless disclosed otherwise. These financial statements, including selected 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 generally accepted accounting principles for complete financial statements. Certain reclassifications of prior year data have been made to conform to 2000 classifications. Additional information is contained in the USX Annual Report on Form 10-K for the year ended December 31, 1999.

In March 2000, the Emerging Issues Task Force of the Financial Accounting Standards Board (EITF) issued EITF Topic No. D-88, which requires companies to disclose their accounting policy for costs incurred in connection with planned major maintenance activities. For the Marathon Group, such costs primarily are associated with refinery turnarounds, which are expensed in the same annual period as incurred; however, estimated annual turnaround costs are recognized in income throughout the year on a pro rata basis.

2. The financial statements of the Marathon Group include the financial position, results of operations and cash flows for the businesses of Marathon Oil Company (Marathon) and certain other subsidiaries of USX, and a portion of the corporate assets and liabilities and related transactions which are not separately identified with ongoing operating units of USX. These financial statements are prepared using the amounts included in the USX consolidated financial statements. Corporate amounts reflected in these financial statements are determined based upon methods which management believes to be reasonable. The accounting policies applicable to the preparation of the financial statements of the Marathon Group may be modified or rescinded in the sole discretion of the Board of Directors of USX (Board), although the Board has no present intention to do so. The Board may also adopt additional policies depending on the circumstances.

Although the financial statements of the Marathon Group and the U. S. Steel Group separately report the assets, liabilities (including contingent liabilities) and stockholders' equity of USX attributed to each such Group, such attribution of assets, liabilities (including contingent liabilities) and stockholders' equity between the Marathon Group and the U. S. Steel Group for the purpose of preparing their respective financial statements does not affect legal title to such assets and responsibility for such liabilities. Holders of USX-Marathon Group Common Stock (Marathon Stock) and USX-U. S. Steel Group Common Stock (Steel Stock) are holders of common stock of USX and continue to be subject to all the risks associated with an investment in USX and all of its businesses and liabilities. Financial impacts arising from one Group that affect the overall cost of USX's capital could affect the results of operations and financial condition of the other Group. In addition, net losses of either Group, as well as dividends or distributions on any class of USX Common Stock or series of Preferred Stock and repurchases of any class of USX Common Stock or series of Preferred Stock at prices in excess of par or stated value, will reduce the funds of USX legally available for payment of dividends on both classes of Common Stock. Accordingly, the USX consolidated financial information should be read in connection with the Marathon Group financial information.

2. (Continued)

The financial statement provision for estimated income taxes and related tax payments or refunds have been reflected in the Marathon Group and the U. S. Steel Group financial statements in accordance with USX's tax allocation policy for such groups. In general, such policy provides that the consolidated tax provision and related tax payments or refunds are allocated between the Marathon Group and the U. S. Steel Group for group financial statement purposes, based principally upon the financial income, taxable income, credits, preferences and other amounts directly related to the respective groups.

The provision for estimated income taxes for the Marathon Group is based on tax rates and amounts which recognize management's best estimate of current and deferred tax assets and liabilities. Differences between the combined interim tax provisions of the Marathon and U. S. Steel Groups and USX consolidated are allocated to each group based on the relationship of the individual group provisions to the combined interim provisions.

3. The method of calculating net income (loss) per common share for the Marathon Stock and Steel Stock reflects the Board's intent that the separately reported earnings and surplus of the Marathon Group and the U. S. Steel Group, as determined consistent with the USX Restated Certificate of Incorporation, are available for payment of dividends on the respective classes of stock, although legally available funds and liquidation preferences of these classes of stock do not necessarily correspond with these amounts.

   Basic net income per share is based on the weighted average number of common shares outstanding.

   Diluted net income per share assumes exercise of stock options, provided the effect is not antidilutive.

   See Note 7 of the Notes to USX Consolidated Financial Statements for the computation of income per share.

4. In 1998, Marathon and Ashland Inc. (Ashland) combined the major elements of their refining, marketing and transportation (RM&T) operations. Marathon transferred certain RM&T assets to Marathon Ashland Petroleum LLC (MAP), a new consolidated subsidiary. Also, Marathon acquired certain RM&T net assets from Ashland in exchange for a 38% interest in MAP. In accordance with MAP closing agreements, Marathon and Ashland made capital contributions to MAP for environmental improvements. The closing agreements stipulate that ownership interests in MAP will not be adjusted as a result of such contributions. Accordingly, Marathon recognized a gain on ownership change of $1 million in the third quarter of 2000 and $9 million in the nine months of 2000 and $11 million in the third quarter and nine months of 1999.

5. The items below are included in both revenues and costs and expenses, resulting in no effect on income.

	(In millions)			
	Third Quarter Ended September 30		Nine Months Ended September 30	
	2000	1999	2000	1999
Matching crude oil and refined product buy/sell transactions settled in cash	$1,192	$901	$3,662	$2,471
Consumer excise taxes on petroleum products and merchandise	1,121	1,007	3,268	2,923

6. The Marathon Group's total comprehensive income was $121 million for the third quarter of 2000, $233 million for the third quarter of 1999, $739 million for the nine months of 2000 and $488 million for the nine months of 1999.

7. The Marathon Group's operations consist of three reportable operating segments: 1) Exploration and Production (E&P) - explores for and produces crude oil and natural gas on a worldwide basis; 2) Refining, Marketing and Transportation (RM&T) - refines, markets and transports crude oil and petroleum products, primarily in the Midwest and southeastern United States through MAP; and 3) Other Energy Related Businesses (OERB). OERB is an aggregation of two segments which fall below the quantitative reporting thresholds: 1) Natural Gas and Crude Oil Marketing and Transportation -

markets and transports its own and third-party natural gas and crude oil in the United States; and 2) Power Generation - develops, constructs and operates independent electric power projects worldwide. The results of segment operations are as follows:

7. (Continued)

(In millions)	E&P	RM&T	OERB	Total Segments
THIRD QUARTER 2000				
Revenues:				
Customer	$1,124	$7,595	$490	$9,209
Intersegment (a)	74	10	20	104
Intergroup (a)	9	-	10	19
Equity in earnings of unconsolidated affiliates	28	5	4	37
Other	5	13	3	21
Total revenues	$1,240	$7,623	$527	$9,390
Segment income	$465	$299	$12	$776
THIRD QUARTER 1999				
Revenues:				
Customer	$820	$5,413	$219	$6,452
Intersegment (a)	61	16	9	86
Intergroup (a)	5	-	7	12
Equity in earnings (losses) of unconsolidated affiliates	(2)	6	5	9
Other	1	12	3	16
Total revenues	$885	$5,447	$243	$6,575
Segment income	$201	$236	$13	$450

<FN>
(a) Intersegment and intergroup sales and transfers were conducted under terms comparable to those with unrelated parties.

7. (Continued)

(In millions)	E&P	RM&T	OERB	Total Segments
NINE MONTHS ENDED SEPTEMBER 30, 2000				
Revenues:				
Customer	$3,175	$21,576	$1,145	$25,896
Intersegment (a)	262	79	52	393
Intergroup (a)	20	-	21	41
Equity in earnings of unconsolidated affiliates	24	15	12	51
Other	15	33	9	57

Total revenues	$3,496	$21,703	$1,239	$26,438
Segment income	$1,130	$968	$25	$2,123

NINE MONTHS ENDED SEPTEMBER 30, 1999

Revenues:				
Customer	$2,081	$14,229	$414	$16,724
Intersegment (a)	129	25	24	178
Intergroup (a)	12	-	15	27
Equity in earnings of unconsolidated affiliates	2	13	18	33
Other	20	28	12	60
Total revenues	$2,244	$14,295	$483	$17,022
Segment income	$361	$509	$47	$917

<FN>
(a) Intersegment and intergroup sales and transfers were conducted under terms comparable to those with unrelated parties.

7. (Continued)

The following schedules reconcile segment revenues and income to amounts reported in the Marathon Group financial statements:

(In millions)	Third Quarter Ended September 30 2000	1999
Revenues:		
Revenues of reportable segments	$9,390	$6,575
Items not allocated to segments:		
Gain on ownership change in MAP	1	11
Other (a)	-	(10)
Elimination of intersegment revenues	(104)	(86)
Total Group revenues	$9,287	$6,490
Income:		
Income for reportable segments	$776	$450
Items not allocated to segments:		
Gain on ownership change in MAP	1	11
Administrative expenses	(48)	(26)
Inventory market valuation adjustments	-	136
Other (a)	-	(10)
Total Group income from operations	$729	$561

<FN>
(a) Represents mainly in 1999, loss on sale of certain domestic production properties.

7. (Continued)

(In millions)	Nine Months Ended September 30 2000	1999
Revenues:		
Revenues of reportable segments	$26,438	$17,022
Items not allocated to segments:		
Gain on ownership change in MAP	9	11
Other (a)	87	(33)
Elimination of intersegment revenues	(393)	(178)
Total Group revenues	$26,141	$16,822
Income:		
Income for reportable segments	$2,123	$917
Items not allocated to segments:		
Gain on ownership change in MAP	9	11
Administrative expenses	(105)	(83)
Inventory market valuation adjustments	-	551
Other (a)	87	(33)
Total Group income from operations	$2,114	$1,363

<FN>
(a) Represents in 2000, gain on disposition of Angus/Stellaria. Represents in 1999, mainly the loss on sale of Scurlock Permian LLC, Carnegie Natural Gas Company and subsidiaries, and certain domestic production properties.

8. Inventories are carried at the lower of cost or market. Cost of inventories of crude oil and refined products is determined under the last-in, first-out (LIFO) method.

	(In millions) September 30 2000	December 31 1999
Crude oil and natural gas liquids	$789	$729
Refined products and merchandise	1,136	1,046
Supplies and sundry items	105	109
Total (at cost)	2,030	1,884
Less inventory market valuation reserve	-	-
Net inventory carrying value	$2,030	$1,884

The inventory market valuation reserve reflects the extent that the recorded LIFO cost basis of crude oil and refined products inventories exceeds net realizable value. The reserve is decreased to reflect increases in market prices and inventory turnover and increased to reflect decreases in market prices. Changes in the inventory market valuation reserve result in noncash charges or credits to costs and expenses. For additional information, see discussion of results of operations in the Marathon Group Management's Discussion and Analysis of Financial Condition and Results of Operations.

9. At September 30, 2000, and December 31, 1999, income taxes payable represents an estimated income tax payable to the U. S. Steel Group. In addition, included in deferred credits and other liabilities at September 30, 2000, and December 31, 1999, is $97 million income taxes payable to the U. S. Steel Group. These amounts have been determined in accordance with

the tax allocation policy discussed in Note 2.

10. USX is the subject of, or a party to, a number of pending or threatened legal actions, contingencies and commitments relating to the Marathon Group 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 Marathon Group financial statements. However, management believes that USX will remain a viable and competitive enterprise even though it is possible that these contingencies could be resolved unfavorably to the Marathon Group. See discussion of Liquidity in USX Consolidated Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Marathon Group 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. At September 30, 2000, and December 31, 1999, accrued liabilities for remediation totaled $72 million and $69 million, respectively. It is not presently possible to estimate the ultimate amount of

10. (Continued)

all remediation costs that might be incurred or the penalties that may be imposed. Receivables for recoverable costs from certain states, under programs to assist companies in cleanup efforts related to underground storage tanks at retail marketing outlets, were $57 million at September 30, 2000, and $52 million at December 31, 1999.

For a number of years, the Marathon Group has made substantial capital expenditures to bring existing facilities into compliance with various laws relating to the environment. In the first nine months of 2000 and for the years 1999 and 1998, such capital expenditures totaled $22 million, $46 million and $83 million, respectively. The Marathon Group anticipates making additional such expenditures in the future; however, the exact amounts and timing of such expenditures are uncertain because of the continuing evolution of specific regulatory requirements.

At September 30, 2000, and December 31, 1999, accrued liabilities for platform abandonment and dismantlement totaled $161 million and $152 million, respectively.

Guarantees by USX and its consolidated subsidiaries of the liabilities of an affiliated entity of the Marathon Group totaled $131 million at September 30, 2000.

At September 30, 2000, the Marathon Group's pro rata share of obligations of LOOP LLC and various pipeline affiliates secured by throughput and deficiency agreements totaled $120 million. Under the agreements, the Marathon Group is required to advance funds if the affiliates are unable to service debt. Any such advances are prepayments of future transportation charges.

The Marathon Group's contract commitments to acquire property, plant and equipment and long-term investments at September 30, 2000, totaled $635 million compared with $485 million at December 31, 1999.

11. In the fourth quarter 2000, the Marathon Group must adopt several recently issued accounting pronouncements primarily related to the classification of items in the statement of operations. In December 1999, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. 101 (SAB 101) "Revenue Recognition in Financial Statements," which summarizes the SEC staff's interpretations of generally accepted accounting principles related to revenue recognition and classification. During the third quarter 2000, the EITF issued EITF Consensus No. 99-19

"Reporting Revenue Gross as a Principal versus Net as an Agent", which addresses whether certain cost items should be reported as a reduction of revenue or as a component of cost of sales, and EITF Consensus No. 00-10 "Accounting for Shipping and Handling Fees and Costs," which addresses the classification of costs incurred for shipping goods to customers. The adoption of these new pronouncements will have no net effect on the financial position or results of operations of the Marathon Group, although they will require reclassifications of certain amounts in the statement of operations.

12. On October 19, 2000, the Marathon Group signed a definitive agreement with Shell to transfer its 37.5 percent interest in Sakhalin Energy Investment Company Ltd.(Sakhalin Energy). In exchange, the Marathon Group will receive certain Shell interests in the UK Atlantic Margin area and the U.S. Gulf of Mexico as well as reimbursement for all Sakhalin project capital expenditures made by the Marathon Group in 2000. The closing and transfer of operations are expected to take place in early December 2000.

The increased likelihood of closing this transaction resulted in a one-time, noncash deferred tax charge of $235 million in the third quarter of 2000. Balance sheet net deferred tax liabilities include deferred U.S. tax benefits related to certain foreign subsidiaries. Until now, management concluded it was likely that income from foreign sources, such as Sakhalin Energy, would allow these benefits to be realized in the future. The definitive agreement to transfer the Marathon Group's interest in Sakhalin Energy affects the timing, amount and nature of expected future foreign source income, decreasing the likelihood that these tax benefits will be realized.

The Marathon Group includes Marathon Oil Company ("Marathon") and certain other subsidiaries of USX Corporation ("USX"), which are engaged in worldwide exploration and production of crude oil and natural gas; domestic refining, marketing and transportation of petroleum products primarily through Marathon Ashland Petroleum ("MAP"), owned 62 percent by Marathon; and other energy related businesses. The Management's Discussion and Analysis should be read in conjunction with the Marathon Group's Financial Statements and Selected Notes to Financial Statements. The discussion of Results of Operations should be read in conjunction with the Supplemental Statistics provided on page 63.

Certain sections of Management's Discussion and Analysis include forward-looking statements concerning trends or events potentially affecting the businesses of the Marathon Group. These statements typically contain words such as "anticipates", "believes", "estimates", "expects", "targets", "scheduled" or similar words indicating that future outcomes are uncertain. In accordance with "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, these statements are accompanied by cautionary language identifying important factors, though not necessarily all such factors, that could cause future outcomes to differ materially from those set forth in forward-looking statements. For additional risk factors affecting the businesses of the Marathon Group, see Supplementary Data - Disclosures About Forward-Looking Statements in the USX Annual Report on Form 10-K for the year ended December 31, 1999.

Results of Operations

Revenues for the third quarter and first nine months of 2000 and 1999 are summarized in the following table:

(Dollars in millions)	Third Quarter Ended September 30 2000	Third Quarter Ended September 30 1999	Nine Months Ended September 30 2000	Nine Months Ended September 30 1999
Exploration & production ("E&P")	$1,240	$885	$3,496	$2,244
Refining, marketing & transportation ("RM&T")	7,623	5,447	21,703	14,295
Other energy related businesses (a)	527	243	1,239	483
Revenues of reportable segments	$9,390	$6,575	$26,438	$17,022
Revenues not allocated to segments:				
Gain on ownership change in MAP	1	11	9	11
Other (b)	-	(10)	87	(33)
Elimination of intersegment revenues	(104)	(86)	(393)	(178)
Total Group revenues	$9,287	$6,490	$26,141	$16,822

Items included in both revenues and costs and expenses, resulting in no effect on income:

Consumer excise taxes on petroleum products and merchandise	$1,121	$1,007	$3,268	$2,923
Matching crude oil and refined product buy/sell transactions settled in cash:				
E&P	$119	$176	$496	$451
RM&T	1,073	725	3,166	2,020
Total buy/sell transactions	$1,192	$901	$3,662	$2,471

<FN>
(a) Includes domestic natural gas and crude oil marketing and transportation, and power generation.
(b) Represents in 2000, a gain on the disposition of Angus/Stellaria and in 1999, a loss on the sale of certain domestic production properties and a loss on sale of Scurlock Permian LLC ("Scurlock") and Carnegie Natural Gas Company and affiliated subsidiaries ("Carnegie"), partially offset by a gain on the sale of certain Egyptian properties.

E&P segment revenues increased by $355 million in the third quarter of 2000 from the comparable prior-year period. For the first nine months of 2000, revenues increased by $1,252 million from the prior-year period. The increase in both periods primarily reflected higher worldwide liquid hydrocarbon and natural gas prices, partially offset by lower domestic liquid hydrocarbon volumes.

RM&T segment revenues increased by $2,176 million in the third quarter of 2000 from the comparable prior-year period. For the first nine months of 2000, revenues increased by $7,408 million from the prior-year period. The increase in both periods primarily reflected higher refined product prices and increased refined product sales volumes.

Other energy related businesses segment revenues increased by $284 million in the third quarter of 2000 from the comparable prior-year period. For the first nine months of 2000, revenues increased by $756 million from the prior-year period. The increase in both periods primarily reflected higher natural gas and crude oil purchase and resale activity accompanied by higher crude oil and natural gas prices.

Income from operations for the third quarter and first nine months of 2000 and 1999 is summarized in the following table:

(Dollars in millions)	Third Quarter Ended September 30 2000	Third Quarter Ended September 30 1999	Nine Months Ended September 30 2000	Nine Months Ended September 30 1999
E&P				
Domestic	$305	$168	$783	$299
International	160	33	347	62
Income for E&P reportable segment	465	201	1,130	361
RM&T	299	236	968	509
Other energy related businesses	12	13	25	47
Income for reportable segments	$776	$450	$2,123	$917
Items not allocated to segments:				
Administrative expenses (a)	$(48)	$(26)	$(105)	$(83)
IMV reserve adjustment (b)	-	136	-	551
Loss on disposal of assets (c)	-	(10)	-	(33)
Gain on disposition of Angus/Stellaria (d)	-	-	87	-
Gain on ownership change in MAP (e)	1	11	9	11
Total Group income from operations	$729	$561	$2,114	$1,363

<FN>
(a) Includes the portion of the Marathon Group's administrative costs not charged to the operating segments and the portion of USX corporate general and administrative costs allocated to the Marathon Group.
(b) The inventory market valuation ("IMV") reserve reflects the extent to which the recorded LIFO cost basis of crude oil and refined products inventories exceeds net realizable value. For additional discussion of the IMV, see Note 8 to the Marathon Group Financial Statements.
(c) For the third quarter of 1999, this represented a loss on the sale of certain domestic production properties, partially offset by a gain on the sale of certain Egyptian properties. For the first nine months of 1999, this also included a loss from the sale of Scurlock and Carnegie.
(d) Resulted from the disposition of Marathon's 33.34 percent interest in the Angus/Stellaria development located in the Gulf of Mexico.
(e) For additional discussion of the gain on ownership change in MAP, see Note 4 to the Marathon Group Financial Statements.

Income for reportable segments in the third quarter of 2000 increased by $326 million from last year's third quarter, due primarily to higher worldwide liquid hydrocarbon and natural gas prices, higher refined product margins, and increased liquid hydrocarbon volumes. Income for reportable segments in the first nine months of 2000 increased by $1,206 million from the first nine months of 1999, due primarily to higher worldwide liquid hydrocarbon and natural gas prices and higher refined product margins.

Worldwide E&P segment income in the third quarter of 2000 increased by $264 million from last year's third quarter. Results in the first nine months of 2000 increased by $769 million from the same period in 1999.

Domestic E&P income in the third quarter of 2000 increased by $137 million from last year's third quarter. Results in the first nine months of 2000 increased by $484 million from the same period in 1999. These increases were mainly due to higher liquid hydrocarbon and natural gas prices, partially offset by lower liquid hydrocarbon and natural gas volumes due to natural field declines and asset sales and derivative losses from other than trading activities.

International E&P income in the third quarter of 2000 increased by $127 million from last year's third quarter. This increase was mainly due to higher liquid hydrocarbon and natural gas prices and higher liquid hydrocarbon liftings, primarily in Russia and Gabon. Results in the first nine months of 2000 increased by $285 million from the same period in 1999. In addition to the factors discussed previously, the increase was also due to lower dry well expense, offset by lower natural gas volumes.

RM&T segment income in the third quarter of 2000 increased by $63 million from last year's third quarter. Results in the first nine months of 2000 increased by $459 million from the same period in 1999. These increases were mainly due to higher refined product margins and increased refined product sales volumes.

Other energy related businesses segment income in the first nine months of 2000 decreased by $22 million from the same period in 1999. This decrease was primarily a result of derivative losses from other than trading activities and lower equity earnings as a result of decreased pipeline throughput. Also, the 1999 results included a second quarter reversal of abandonment accruals of $10 million.

Items not allocated to reportable segments:

Administrative expenses in the third quarter and first nine months of 2000 increased by $22 million from the same periods in 1999. The increase was primarily due to higher accruals for employee benefit plans, and Voluntary Early Retirement Program ("VERP") and reorganization costs recorded in the third quarter of 2000.

IMV reserve adjustment - When United States Steel Corporation acquired Marathon Oil Company in March 1982, crude oil and refined product prices were at historically high levels. In applying the purchase method of accounting, the Marathon Group's crude oil and refined product inventories were revalued by reference to current prices at the time of acquisition, and this became the new LIFO cost basis of the inventories. Generally accepted accounting principles require that inventories be carried at lower of cost or market. Accordingly, the Marathon Group has established an IMV reserve to reduce the cost basis of its inventories to net realizable value. Quarterly adjustments to the IMV reserve, if necessary, result in noncash charges or credits to income from operations.

These adjustments affect the comparability of financial results from period to period as well as comparisons with other energy companies, many of which do not have such adjustments. Therefore, the Marathon Group reports separately the effects of the IMV reserve adjustments on financial results. In management's opinion, the effects of such adjustments should be considered separately when evaluating operating performance.

Net interest and other financial costs in the first nine months of 2000 decreased by $26 million from the comparable 1999 period, mainly due to decreased costs resulting from lower average debt levels and higher interest income, partially offset by lower capitalized interest on E&P projects.

The minority interest in income of MAP, which represents Ashland's 38 percent ownership interest, decreased by $32 million in the first nine months of 2000 from the comparable 1999 period. The 1999 results included a favorable IMV reserve adjustment as discussed previously.

The provision for estimated income taxes in the first nine months of 2000 increased by $550 million from the comparable 1999 period due to an increase in income before taxes and a $235 million one-time, noncash deferred tax charge. For additional information, see Note 12 to the Marathon Group Financial Statements.

Net income for the third quarter and first nine months decreased by $109 million and increased by $259 million, respectively, in 2000 from 1999, primarily reflecting the factors discussed above.

Cash Flows

Net cash provided from operating activities was $1,751 million in the first nine months of 2000, compared with $1,144 million in the first nine months of 1999. The $607 million increase mainly reflected the favorable effects of improved net income (excluding noncash items), partially offset by increased allocation for income tax payments and an income tax settlement with the Steel Group in accordance with the group tax allocation policy.

Capital expenditures in the first nine months of 2000 totaled $878 million, compared with $827 million in the comparable 1999 period. For additional information regarding capital expenditures, refer to the Supplemental Statistics on page 63.

Contract commitments for property, plant and equipment acquisitions and long-term investments at September 30, 2000, totaled $635 million compared with $485 million at December 31, 1999.

Cash from disposal of assets was $252 million in the first nine months of 2000, compared with $255 million in the comparable 1999 period. Proceeds in 2000 were mainly from the disposition of Marathon's 33.34 percent interest in the Angus/Stellaria development in the Gulf of Mexico and other domestic production properties. Proceeds in 1999 were mainly from the sale of Scurlock Permian LLC and domestic and international production properties.

The net change in restricted cash was a net withdrawal of $11 million in the first nine months of 2000, compared to a net withdrawal of $14 million in the comparable 1999 period. Restricted cash in both periods primarily reflected the net effects of cash deposited and withdrawn from domestic production property dispositions and acquisitions.

Net investments in affiliates were $58 million in the first nine months of 2000, compared with $105 million in the comparable 1999 period. Cash outflows in both periods mainly reflected funding provided to equity affiliates for capital projects, primarily the Sakhalin II project in Russia.

Financial obligations, which consist of the Marathon Group's portion of USX debt and preferred stock of a subsidiary attributed to both groups, as well as debt specifically attributed to the Marathon Group, decreased by $584 million in the first nine months of 2000. Financial obligations decreased primarily because cash from operating activities and asset sales exceeded capital expenditures and distribution and dividend payments. For further details, see Management's Discussion and Analysis of USX Consolidated Financial Condition, Cash Flows and Liquidity.

Common stock repurchased was $37 million in the first nine months of 2000. As announced on July 25, 2000, the USX Board of Directors authorized the spending of up to $450 million to repurchase shares of USX-Marathon Group Common Stock ("Marathon Stock"). In the third quarter, 1.4 million shares of Marathon Stock were repurchased. Share repurchases will continue to be made from time to time as the Corporation's financial condition and market conditions warrant.

Dividends paid in the first nine months of 2000 increased by $10 million from the comparable 1999 period, reflecting the two-cents-per-share increase in the quarterly Marathon Stock dividend rate, declared in July 2000.

Distributions to minority shareholder of MAP were $212 million in the first nine months of 2000, compared with $333 million in the comparable 1999 period. The 1999 amount included a distribution of $103 million in the first quarter 1999, which related to fourth quarter 1998 MAP activity.

Derivative Instruments

See Quantitative and Qualitative Disclosure About Market Risk for discussion of derivative instruments and associated market risk for the Marathon Group.

Liquidity

For discussion of USX's liquidity and capital resources, see Management's Discussion and Analysis of USX Consolidated Financial Condition, Cash Flows and

Liquidity.

Environmental Matters, Contingencies and Commitments

The Marathon Group has incurred and will continue to incur substantial capital, operating and maintenance, and remediation expenditures as a result of environmental laws and regulations. To the extent these expenditures, as with all costs, are not ultimately reflected in the prices of the Marathon Group's products and services, operating results will be adversely affected. The Marathon Group believes that substantially all of its competitors are subject to similar environmental laws and regulations. However, the specific impact on each competitor may vary depending on a number of factors, including the age and location of its operating facilities, marketing areas, production processes and whether or not it is engaged in the petrochemical business, power business or the marine transportation of crude oil and refined products.

USX has been notified that it is a potentially responsible party ("PRP") at 13 waste sites related to the Marathon Group under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") as of September 30, 2000. In addition, there are 6 sites related to the Marathon Group where USX has received information requests or other indications that USX may be a PRP under CERCLA but where sufficient information is not presently available to confirm the existence of liability.

There are also 115 additional sites, excluding retail marketing outlets, related to the Marathon Group where remediation is being sought under other environmental statutes, both federal and state, or where private parties are seeking remediation through discussions or litigation. Of these sites, 15 were associated with properties conveyed to MAP by Ashland for which Ashland has retained liability for all costs associated with remediation.

At many of these sites, USX is one of a number of parties involved and the total cost of remediation, as well as USX's share thereof, is frequently dependent upon the outcome of investigations and remedial studies. The Marathon Group accrues for environmental remediation activities when the responsibility to remediate is probable and the amount of associated costs is reasonably determinable. As environmental remediation matters proceed toward ultimate resolution or as additional remediation obligations arise, charges in excess of those previously accrued may be required.

New Tier II Fuels regulations were proposed in late 1999 and the U.S. Environmental Protection Agency ("EPA") has since finalized the rules for gasoline; however, the rules for diesel fuel are not yet final. The gasoline rules, which are finalized and the diesel fuel rules, which are not yet final are expected to require reduced sulfur levels. It is anticipated that if final diesel regulations are adopted, consistent with the published proposed regulations, then the combined compliance cost for the gasoline and diesel regulations could amount to approximately $700 million between 2003 and 2005. This is a forward-looking statement and can only be a broad-based estimate due to the ongoing evolution of regulatory requirements. Some factors (among others) that could potentially affect gasoline and diesel fuel compliance costs include adoption of final diesel fuel regulations, obtaining the necessary construction and environmental permits, operating considerations, and unforeseen hazards such as weather conditions.

MAP has responded to information requests from the EPA regarding New Source Review ("NSR") compliance at its Garyville and Texas City refineries. In addition, the scope of the EPA's 1998 multi-media inspections of the Detroit and Robinson refineries included NSR compliance. NSR requires new major stationary sources and major modifications at existing major stationary sources to obtain permits, perform air quality analysis and install stringent air pollution control equipment at affected facilities. The current EPA initiative appears to target many items that the industry has historically considered routine repair, replacement and maintenance or other activity exempted from the NSR requirements. MAP is engaged in ongoing discussions with the EPA on these issues concerning all of MAP's refineries.

While MAP has not been notified of any formal findings or violations resulting from either the information requests or inspections regarding NSR compliance; MAP has been informed during discussions with the EPA of potential non-compliance concerns of the EPA based on these inspections and other information identified by the EPA. Currently, discussions with the EPA have been of a general and technical nature without any commitment to specific control technologies, implementation schedules or possible penalties. It is possible that a framework for resolution of these issues could be reached as early as the fourth quarter of this year and that any resolution may include other pending matters such as those arising from the EPA's 1998 multi-media inspections.

In October 1998, the National Enforcement Investigations Center and Region V of the EPA conducted a multi-media inspection of MAP's Detroit refinery. Subsequently, in November 1998, Region V conducted a multi-media inspection of MAP's Robinson refinery. These inspections covered compliance with the Clean Air Act (New Source Performance Standards, Prevention of Significant Deterioration, and the National Emission Standards for Hazardous Air Pollutants for Benzene), the Clean Water Act (permit exceedances for the Waste Water Treatment Plant), reporting obligations under the Emergency Planning and Community Right to Know Act and the handling of process waste. Although MAP has been advised as to certain compliance issues regarding MAP's Detroit refinery, complete findings on the results of the inspections have not been issued. Thus far, MAP has been served with two Notices of Violation ("NOV") and three Findings of Violation in connection with the multi-media inspections at its Detroit refinery. The Detroit notices allege violations of the

Michigan State Air Pollution Regulations, the EPA New Source Performance Standards and National Emission Standards for Hazardous Air Pollutants for Benzene. On March 6, 2000, MAP received its first NOV arising out of the multi-media inspection of the Robinson Refinery conducted in November 1998. The NOV is for alleged Resource Conservation and Recovery Act (hazardous waste) violations. MAP can contest the factual and legal basis for the allegations prior to the EPA taking enforcement action. At this time, it is not known when complete findings on the results of these multi-media inspections will be issued.

USX is the subject of, or a party to, a number of pending or threatened legal actions, contingencies and commitments relating to the Marathon Group involving a variety of matters, including laws and regulations relating to the environment. See Note 10 to the Marathon Group Financial Statements for a discussion of certain of these matters. The ultimate resolution of these contingencies could, individually or in the aggregate, be material to the Marathon Group Financial Statements. However, management believes that USX will remain a viable and competitive enterprise even though it is possible that these contingencies could be resolved unfavorably to the Marathon Group. See Management's Discussion and Analysis of USX Consolidated Financial Condition, Cash Flows and Liquidity.

Outlook

The outlook regarding the Marathon Group's upstream revenues and income is largely dependent upon future prices and volumes of liquid hydrocarbons and natural gas. Prices have historically been volatile and have frequently been affected by unpredictable changes in supply and demand resulting from fluctuations in worldwide economic activity and political developments in the world's major oil and gas producing and consuming areas. Any significant decline in prices could have a material adverse effect on the Marathon Group's results of operations. A prolonged decline in such prices could also adversely affect the quantity of crude oil and natural gas reserves that can be economically produced and the amount of capital available for exploration and development.

Marathon's fourth quarter 2000 worldwide liquid hydrocarbon production is expected to be approximately 215,000 barrels per day ("bpd") and worldwide natural gas production is projected at approximately 1.3 billion cubic feet per day ("bcfpd"). Based on these fourth quarter projections, average production for the full year 2000 is expected to be approximately 208,000 bpd and 1.25 bcfpd.

Because of potential transactions involving the possible disposition or exchange of producing properties, it is difficult to project 2001 production at this time. A revised 2001 production forecast is expected to be available by early first quarter 2001.

On October 19, 2000, Marathon signed a definitive agreement with Shell Sakhalin Holdings B.V. ("Shell") to transfer its 37.5 percent interest in Sakhalin Energy Investment Company Ltd. ("Sakhalin Energy"). In exchange, Marathon will receive certain Shell interests in the UK Atlantic Margin area and the U.S. Gulf of Mexico as well as reimbursement for all Sakhalin project capital expenditures made by Marathon in 2000. The closing and transfer of operations are expected to take place in early December.

On August 17, 2000, Marathon announced a VERP for approximately 970 eligible employees, of which 460 employees elected to retire. Upon completion of the VERP, it is anticipated that some involuntary terminations may be necessary as the company reorganizes to improve its overall competitiveness. Administrative activities at region production offices in Cody, Wyoming and Tyler, Texas along with a research facility in Littleton, Colorado will be combined with functions currently being carried out in Catlettsburg, Kentucky, Oklahoma City, Oklahoma, and Midland and Houston, Texas. Through the third quarter, Marathon accrued $8 million in VERP charges. This is consistent with Marathon's goals to significantly improve its E&P business performance, including a $75 million reduction in above field costs, a $25 million savings in global procurement expenses and a $50 million reduction in exploration expense. These goals are expected to be achieved fully in 2001.

In July 2000, first production was achieved from Marathon's 50 percent owned Viosca Knoll Block 786 ("Petronius") development in the Gulf of Mexico. Drilling and well completion activities will continue through next year with gross peak production of 50,000 barrels of oil per day and 70 million cubic feet of gas per day expected by mid-2001.

The above discussion includes forward-looking statements with respect to the timing and levels of Marathon's worldwide liquid hydrocarbon and natural gas production, including production rates from the Petronius field, timing and completion of the Sakhalin transaction, and amount and timing of cost reductions. Some factors that could potentially affect timing and levels of production include pricing, supply and demand for petroleum products, regulatory constraints, and geological and operating considerations. Some factors that could potentially affect the timing and completion of the Sakhalin transaction include third party consents. Some factors that could potentially affect reaching efficiency goals include the closing of certain acquisitions, dispositions and exchanges, drilling rig availability, weather conditions, and other geological, operating and economic considerations. In accordance with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, USX has included in Form 10-K for the year ended December 31, 1999, cautionary statements identifying important factors, but not necessarily all factors, that could cause actual results to differ materially from those set forth in the forward-looking statements.

Downstream income of the Marathon Group is largely dependent upon refined product margins, which reflect the difference between the selling prices of refined products and the cost of raw materials refined and manufacturing costs. Refined product margins have been historically volatile and vary due to numerous factors such as supply and demand balance in the various marketing areas, the regulatory climate, crude oil costs, manufacturing costs and the available supply of crude oil and refined products.

MAP is pursuing the disposition of approximately 270 non-strategic Speedway SuperAmerica retail locations in the Midwest and Southeast. These locations comprise less than 12 percent of MAP's owned and operated Speedway SuperAmerica retail network. Through the end of the third quarter, 25 stations had been sold. Most of the remaining stations are expected to be disposed of in the fourth quarter of 2000.

On March 9, 2000, Marathon Ashland Petroleum LLC ("MAP") announced it joined CMS Energy Corporation and TEPPCO Partners, L.P., in an agreement to form a limited liability company with equal ownership to operate an interstate refined petroleum products pipeline extending from the U.S. Gulf of Mexico to the Midwest. The new company plans to build a 70-mile, 24-inch diameter pipeline connecting TEPPCO's facility in Beaumont, Texas, with an existing 720-mile, 26-inch diameter pipeline extending from Longville, Louisiana to Bourbon, Illinois. The system will be called Centennial Pipeline and will pass through seven states. It is expected to be completed in the fourth quarter of 2001.

MAP's subsidiary, Ohio River Pipe Line LLC ("ORPL"), plans to build a pipeline from Kenova, West Virginia to Columbus, Ohio. ORPL is a common carrier pipeline company and the pipeline will be an interstate common carrier pipeline. The pipeline is expected to initially move about 50,000 bpd of refined petroleum into the central Ohio region. Construction is currently expected to begin in the second half of 2001. However, the construction schedule is largely dependent on obtaining the necessary rights-of-way, of which approximately 92 percent have been obtained to date, and final regulatory approvals. ORPL is still negotiating with various landowners to obtain the remaining rights-of-way. In addition, where appropriate, ORPL has brought condemnation actions to acquire rights-of-way. These actions are at various stages of litigation and appeal.

The above discussion includes forward-looking statements with respect to the disposition of MAP retail stations and completion of MAP infrastructure projects. Some factors that could potentially affect the MAP dispositions include receipt of government approvals, regulatory constraints, consent of third parties, and satisfaction of customary closing conditions. Some factors that could potentially affect the completion of the MAP infrastructure projects include securing acceptable financing, obtaining the necessary construction and environmental permits, unforeseen hazards such as weather conditions, acquisitions of rights-of-way, outcome of pending litigation, and regulatory approval constraints. In accordance with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, USX has included in Form 10-K for the year ended December 31, 1999, cautionary statements identifying important factors, but not necessarily all factors, that could cause actual results to differ materially from those set forth in the forward-looking statements.

MARATHON GROUP OF USX CORPORATION QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Commodity Price Risk and Related Risks

Sensitivity analysis of the incremental effects on income before income taxes of hypothetical 10% and 25% changes in commodity prices for open derivative commodity instruments as of September 30, 2000, are provided in the following table(a):

	Incremental Decrease in Income Before Income Taxes Assuming a Hypothetical Price Change of:	
(Dollars in millions)	10%	25%
Derivative Commodity Instruments		
Marathon Group (b) (c)		

Crude oil			
Other than trading (e)(f)	$19.8	$54.6	(d)
Natural gas			
Other than trading (e)(f)	4.3	10.6	(d)
Refined products			
Other than trading (e)(f)	11.1	29.6	(d)

<FN>

(a) Gains and losses on derivative commodity instruments used for other than trading activities are generally offset by price changes in the underlying commodity. Effects of these offsets are not reflected in the sensitivity analyses. Amounts reflect the estimated incremental decrease in income before income taxes of hypothetical 10% and 25% changes in closing commodity prices for each open contract position at September 30, 2000. Management evaluates the portfolios of derivative commodity instruments on an ongoing basis and adjusts strategies to reflect anticipated market conditions, changes in risk profiles and overall business objectives. Changes to the portfolios subsequent to September 30, 2000, will cause future income before income tax effects to differ from those presented in the table.

(b) The number of net open contracts varied throughout third quarter 2000, from a low of 12,252 contracts at July 5, to a high of 34,126 contracts at September 27, and averaged 21,063 for the quarter. The derivative commodity instruments used and hedging positions taken also varied throughout third quarter 2000, and will continue to vary in the future. Because of these variations in the composition of the portfolio over time, the number of open contracts, by itself, cannot be used to predict future income effects.

(c) The calculation of sensitivity amounts for basis swaps assumes that the physical and paper indices are perfectly correlated. Gains and losses on options are based on changes in intrinsic value only.

(d) Price increase.

(e) The direction of the price change used in calculating the sensitivity amount for each commodity reflects that which would result in the largest incremental decrease in income before income taxes when applied to the derivative commodity instruments used to hedge that commodity.

(f) Adjusted to reflect Marathon's 62 percent ownership of MAP.

Interest Rate Risk

USX is subject to the effects of interest rate fluctuations on certain of its non-derivative financial instruments. A sensitivity analysis of the projected incremental effect of a hypothetical 10% decrease in September 30, 2000, interest rates on the fair value of the Marathon Group's specifically attributed non-derivative financial instruments and the Marathon Group's portion of USX's non-derivative financial instruments attributed to both groups, is provided in the following table:

(Dollars in millions)

As of September 30, 2000

Non-Derivative Financial Instruments(a)	Carrying Value	Fair Value	Incremental Increase in Fair Value(b)
Financial assets:			
Investments and long-term receivables	$129	$182	$ -
Financial liabilities:			
Long-term debt (c)(d)	$2,717	$2,838	$124
Preferred stock of subsidiary	184	177	15

Total liabilities	$2,901	$3,015	$139

<FN>

(a) Fair values of cash and cash equivalents, receivables, notes payable, accounts payable and accrued interest, approximate carrying value and are relatively insensitive to changes in interest rates due to the short-term maturity of the instruments. Accordingly, these instruments are excluded from the table.

(b) Reflects, by class of financial instrument, the estimated incremental effect of a hypothetical 10% decrease in interest rates at September 30, 2000, on the fair value of USX's non-derivative financial instruments. For financial liabilities, this assumes a 10% decrease in the weighted average yield to maturity of USX's long-term debt at September 30, 2000.

(c) Includes amounts due within one year.

(d) Fair value was based on market prices where available, or current borrowing rates for financings with similar terms and maturities.

MARATHON GROUP OF USX CORPORATION
QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Exchange Rate Risk

USX is subject to the risk of price fluctuations related to anticipated revenues and operating costs, firm commitments for capital expenditures and existing assets or liabilities denominated in currencies other than U.S. dollars. USX has not generally used derivative instruments to manage this risk. However, USX has made limited use of forward currency contracts to manage exposure to certain currency price fluctuations. At September 30, 2000, USX had open Canadian dollar forward purchase contracts with a total carrying value of approximately $9 million. A 10% increase in the Canadian dollar to U.S. dollar forward rate would result in a charge to income of approximately $1 million. The entire amount of these contracts is attributed to the Marathon Group.

Equity Price Risk

As of September 30, 2000, the Marathon Group had no material exposure to equity price risk.

Safe Harbor

The Marathon Group's Quantitative and Qualitative Disclosures About Market Risk include forward-looking statements with respect to management's opinion about risks associated with the Marathon Group's use of derivative instruments. These statements are based on certain assumptions with respect to market prices and industry supply and demand for crude oil, natural gas and refined products. To the extent that these assumptions prove to be inaccurate, future outcomes with respect to the Marathon Group's derivative usage may differ materially from those discussed in the forward-looking statements.

MARATHON GROUP OF USX CORPORATION
SUPPLEMENTAL STATISTICS (Unaudited)

	Third Quarter Ended September 30		Nine Months Ended September 30	
(Dollars in millions)	2000	1999	2000	1999
INCOME (LOSS) FROM OPERATIONS				
Exploration & Production ("E&P")				
Domestic	$305	$168	$783	$299
International	160	33	347	62
Income For E&P Reportable Segment	465	201	1,130	361
Refining, Marketing & Transportation	299	236	968	509
Other Energy Related Businesses (a)	12	13	25	47

Income For Reportable Segments	$776	$450	$2,123	$917
Items Not Allocated To Segments:				
Administrative Expenses	$(48)	$(26)	$(105)	$(83)
Inventory Market Valuation Reserve Adjustment	-	136	-	551
Estimated Loss on Sale of Assets	-	(10)	-	(33)
Gain on Disposition of Angus/Stellaria	-	-	87	-
Gain on Ownership Change In MAP	1	11	9	11
Marathon Group Income From Operations	$729	$561	$2,114	$1,363
CAPITAL EXPENDITURES				
Exploration & Production	$153	$184	$553	$594
Refining, Marketing & Transportation	149	107	315	226
Other (b)	-	4	10	7
Total	$302	$295	$878	$827
EXPLORATION EXPENSE				
Domestic	$33	$26	$84	$92
International	18	14	58	70
Total	$51	$40	$142	$162
INVESTMENTS IN EQUITY AFFILIATES - NET	$4	$49	$58	$105
OPERATING STATISTICS				
Net Liquid Hydrocarbon Production (c):				
United States	129.4	138.6	131.7	143.4
Europe	26.3	28.7	28.2	32.3
Other International	42.8	24.4	37.3	28.4
Total Consolidated	198.5	191.7	197.2	204.1
Equity Affiliates (CLAM & Sakhalin Energy)	24.4	2.4	9.1	0.9
Worldwide	222.9	194.1	206.3	205.0
Net Natural Gas Production (d):				
United States	715.5	730.9	726.1	747.2
Europe (e)	306.2	291.1	333.1	345.5
Other International	144.8	149.1	144.8	169.7
Total Consolidated	1166.5	1171.1	1204.0	1262.4
Equity Affiliate (CLAM)	21.4	25.1	28.0	32.0
Worldwide	1187.9	1196.2	1232.0	1294.4
Average Equity Sales Prices (f) (g):				
Liquid Hydrocarbons (per Bbl)				
Domestic	$26.58	$17.78	$24.85	$13.48
International	28.84	19.56	26.87	14.80
Natural Gas (per Mcf)				
Domestic	$3.61	$2.22	$2.90	$1.83
International	2.59	1.80	2.47	1.81
Crude Oil Refined (c)	928.4	940.4	915.0	909.5
Refined Products Sold (c)	1350.0	1301.4	1304.6	1227.9
Matching buy/sell volumes included in refined products sold (c)	43.5	55.8	55.3	50.0
MAP Merchandise Sales	$638	$561	$1,786	$1,545

<FN>

(a) Includes domestic natural gas and crude oil marketing and transportation, and power generation.

(b) Includes other energy related businesses and corporate capital expenditures.

(c) Thousands of barrels per day

(d) Millions of cubic feet per day

(e) Includes gas acquired for injection and subsequent resale of 9.3, 16.0, 11.7 and 20.8 mmcfd in the third quarter and nine month year-to-date 2000 and 1999, respectively.

(f) Prices exclude gains and losses from hedging activities.

(g) Prices exclude equity affiliates and purchase/resale gas.

Part I - Financial Information (Continued):

C. U. S. Steel Group

U. S. STEEL GROUP OF USX CORPORATION
STATEMENT OF OPERATIONS (Unaudited)

(Dollars in millions, except per share amounts)	Third Quarter Ended September 30 2000	Third Quarter Ended September 30 1999	Nine Months Ended September 30 2000	Nine Months Ended September 30 1999
REVENUES:				
Sales	$1,417	$1,377	$4,542	$3,926
Income (loss) from affiliates	6	(53)	13	(86)
Net gains on disposal of assets	6	11	34	9
Other income (loss)	1	2	(1)	3
Total revenues	1,430	1,337	4,588	3,852
COSTS AND EXPENSES:				
Cost of sales (excludes items shown below)	1,299	1,289	4,103	3,606
Selling, general and administrative expenses (credits)	(56)	(61)	(176)	(226)
Depreciation, depletion and amortization	69	78	222	228
Taxes other than income taxes	58	57	176	169
Total costs and expenses	1,370	1,363	4,325	3,777
INCOME (LOSS) FROM OPERATIONS	60	(26)	263	75
Net interest and other financial costs	27	20	75	48
INCOME (LOSS) BEFORE INCOME TAXES AND EXTRAORDINARY LOSSES	33	(46)	188	27
Provision (credit) for estimated income taxes	14	(17)	70	10
INCOME (LOSS) BEFORE EXTRAORDINARY LOSSES	19	(29)	118	17
Extraordinary losses on extinguishment of debt, net of income tax	-	2	-	7
NET INCOME (LOSS)	19	(31)	118	10
Dividends on preferred stock	2	2	6	7
NET INCOME (LOSS) APPLICABLE TO STEEL STOCK	$17	$(33)	$112	$3
STEEL STOCK DATA:				
Income (loss) before extraordinary losses	$17	$(31)	$112	$10
- Per share - basic and diluted	.19	(.35)	1.27	.12
Extraordinary losses, net of income tax	-	2	-	7
- Per share - basic and diluted	-	.02	-	.08
Net income (loss)	$17	$(33)	$112	$3
- Per share - basic and diluted	.19	(.37)	1.27	.04
Dividends paid per share	.25	.25	.75	.75
Weighted average shares, in thousands				
- Basic	88,738	88,394	88,554	88,383
- Diluted	88,738	88,394	88,556	88,385

<FN>
Selected notes to financial statements appear on pages 67-75.

U. S. STEEL GROUP OF USX CORPORATION
BALANCE SHEET (Unaudited)

September 30 December 31

(Dollars in millions)	2000	1999
ASSETS		
Current assets:		
Cash and cash equivalents	$6	$22
Receivables, less allowance for doubtful accounts of $14 and $10	832	838
Income taxes receivable	129	97
Inventories	856	743
Deferred income tax benefits	284	281
Other current assets	10	-
Total current assets	2,117	1,981
Investments and long-term receivables, less reserves of $3 and $3	595	572
Property, plant and equipment, less accumulated depreciation, depletion and amortization of $6,405 and $6,232	2,413	2,516
Prepaid pensions	2,616	2,404
Other noncurrent assets	52	52
Total assets	$7,793	$7,525
LIABILITIES		
Current liabilities:		
Notes payable	$13	$-
Accounts payable	627	757
Payroll and benefits payable	316	322
Accrued taxes	175	177
Accrued interest	14	15
Long-term debt due within one year	422	13
Total current liabilities	1,567	1,284
Long-term debt, less unamortized discount	683	902
Deferred income taxes	552	348
Employee benefits	2,215	2,245
Deferred credits and other liabilities	435	441
Preferred stock of subsidiary	66	66
USX obligated mandatorily redeemable convertible preferred securities of a subsidiary trust holding solely junior subordinated convertible debentures of USX	183	183
STOCKHOLDERS' EQUITY		
Preferred stock	2	3
Common stockholders' equity	2,090	2,053
Total stockholders' equity	2,092	2,056
Total liabilities and stockholders' equity	$7,793	$7,525

<FN>
Selected notes to financial statements appear on pages 67-75.

U. S. STEEL GROUP OF USX CORPORATION
STATEMENT OF CASH FLOWS (Unaudited)

(Dollars in millions)	Nine Months Ended September 30 2000	1999
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
OPERATING ACTIVITIES:		
Net income	$118	$10

Adjustments to reconcile to net cash provided from operating activities:		
Extraordinary losses	-	7
Depreciation, depletion and amortization	222	228
Pensions and other postretirement benefits	(234)	(197)
Deferred income taxes	208	72
Net gains on disposal of assets	(34)	(9)
Changes in:		
Current receivables - sold	-	30
- operating turnover	(33)	(208)
Inventories	(113)	(21)
Current accounts payable and accrued expenses	(138)	170
All other - net	9	76
Net cash provided from operating activities	5	158
INVESTING ACTIVITIES:		
Capital expenditures	(133)	(221)
Disposal of assets	17	6
Restricted cash - withdrawals	3	15
- deposits	(2)	(14)
Affiliates - investments	(18)	(15)
- loans and advances	(8)	-
All other- net	4	6
Net cash used in investing activities	(137)	(223)
FINANCING ACTIVITIES:		
Increase in U. S. Steel Group's portion of USX consolidated debt	206	146
Specifically attributed debt repayments	(6)	(11)
Preferred stock repurchased	(12)	-
Dividends paid	(72)	(73)
Net cash provided from financing activities	116	62
NET DECREASE IN CASH AND CASH EQUIVALENTS	(16)	(3)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	22	9
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$6	$6
Cash provided from (used in) operating activities included:		
Interest and other financial costs paid (net of amount capitalized)	$(68)	$(63)
Income taxes (paid) refunded, including settlements with the Marathon Group	85	(5)

<FN>
Selected notes to financial statements appear on pages 67-75.

U. S. STEEL GROUP OF USX CORPORATION
SELECTED NOTES TO FINANCIAL STATEMENTS

(Unaudited)

1. The information furnished in these financial statements is unaudited but, in the opinion of management, reflects all adjustments necessary for a fair presentation of the results for the periods covered. All such adjustments are of a normal recurring nature unless disclosed otherwise. These financial statements, including selected 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 generally accepted accounting principles for complete financial statements. Certain reclassifications of prior year data have been made to conform to 2000 classifications. Additional information is contained in the USX Annual Report on Form 10-K for the year ended December 31, 1999.

   In March 2000, the Emerging Issues Task Force of the Financial Accounting Standards Board (EITF) issued EITF Topic No. D-88, which requires companies to disclose their accounting policy for costs incurred in connection with planned major maintenance activities. For the U. S. Steel Group, such costs primarily are associated with blast furnace relines, which are separately capitalized in property, plant and equipment. Such costs are amortized over their estimated useful life, which is generally the period until the next scheduled reline.

2. The financial statements of the U. S. Steel Group include the financial position, results of operations and cash flows for all businesses of USX other than the businesses, assets and liabilities included in the Marathon Group and a portion of the corporate assets and liabilities and related transactions which are not separately identified with ongoing operating units of USX. These financial statements are prepared using the amounts included in the USX consolidated financial statements. Corporate amounts reflected in these financial statements are determined based upon methods which management believes to be reasonable. The accounting policies applicable to the preparation of the financial statements of the U. S. Steel Group may be modified or rescinded in the sole discretion of the Board of Directors of USX (Board), although the Board has no present intention to do so. The Board may also adopt additional policies depending on the circumstances.

Although the financial statements of the U. S. Steel Group and the Marathon Group separately report the assets, liabilities (including contingent liabilities) and stockholders' equity of USX attributed to each such Group, such attribution of assets, liabilities (including contingent liabilities) and stockholders' equity between the U. S. Steel Group and the Marathon Group for purposes of preparing their respective financial statements does not affect legal title to such assets and responsibility for such liabilities. Holders of USX-U. S. Steel Group Common Stock (Steel Stock) and USX-Marathon Group Common Stock (Marathon Stock) are holders of common stock of USX and continue to be subject to all the risks associated with an investment in USX and all of its businesses and liabilities. Financial impacts arising from one Group that affect the overall cost of USX's capital could affect the results of operations and financial condition of the other Group. In addition, net losses of either Group, as well as dividends or distributions on any class of USX Common Stock or series of Preferred Stock and repurchases of any class of USX Common Stock or series of Preferred Stock at prices in excess of par or stated value, will reduce the funds of USX legally available for payment of dividends on both classes of Common Stock. Accordingly, the USX consolidated financial information should be read in connection with the U. S. Steel Group financial information.

2. (Continued)

The financial statement provision for estimated income taxes and related tax payments or refunds have been reflected in the U. S. Steel Group and the Marathon Group financial statements in accordance with USX's tax allocation policy for such groups. In general, such policy provides that the consolidated tax provision and related tax payments or refunds are allocated between the U. S. Steel Group and the Marathon Group for group financial statement purposes, based principally upon the financial income, taxable income, credits, preferences and other amounts directly related to the respective groups.

The provision for estimated income taxes for the U. S. Steel Group is based on tax rates and amounts which recognize management's best estimate of current and deferred tax assets and liabilities. Differences between the combined interim tax provisions of the U. S. Steel and Marathon Groups and USX consolidated are allocated to each group based on the relationship of the individual group provisions to the combined interim provisions.

3. The U. S. Steel Group's total comprehensive income (loss) was $17 million for the third quarter of 2000, $(25) million for the third quarter of 1999, $115 million for the nine months of 2000 and $8 million for the nine months of 1999.

4. In 1999, USX irrevocably deposited with a trustee the entire 5.5 million common shares it owned in RTI International Metals, Inc. (RTI). The deposit of the shares resulted in the satisfaction of USX's obligation under its 6-3/4% Exchangeable Notes (indexed debt) due February 1, 2000. Under the terms of the indenture, the trustee exchanged one RTI share for

each note at maturity; therefore, none reverted back to USX.

As a result of the above transaction, USX recorded in the first quarter of 1999 an extraordinary loss of $5 million, net of a $3 million income tax benefit, representing prepaid interest expense and the write-off of unamortized debt issue costs, and a pretax charge of $22 million, representing the difference between the carrying value of the investment in RTI and the carrying value of the indexed debt, which is included in net gains (losses) on disposal of assets.

Additionally, a $13 million credit to adjust the indexed debt to settlement value at March 31, 1999, is included in net interest and other financial costs.

In December 1996, USX had issued the $117 million of notes indexed to the common share price of RTI. At maturity, USX would have been required to exchange the notes for shares of RTI common stock, or redeem the notes for the equivalent amount of cash. Since USX's investment in RTI was attributed to the U. S. Steel Group, the indexed debt was also attributed to the U. S. Steel Group. USX had a 26% investment in RTI and accounted for its investment using the equity method of accounting.

4. (Continued)

Republic Technologies International, LLC, an equity method affiliate of USX, recorded in the third quarter of 1999 an extraordinary loss related to the early extinguishment of debt. As a result, the U. S. Steel Group recorded an extraordinary loss of $2 million, net of a $1 million income tax benefit, representing its share of the extraordinary loss.

5. The U. S. Steel Group consists of one operating segment, U. S. Steel. U. S. Steel is engaged in the production and sale of steel mill products, coke and taconite pellets. U. S. Steel also engages in the following related business activities: the management of mineral resources, domestic coal mining, engineering and consulting services, and real estate development and management. The results of segment operations are as follows:

(In millions)	Third Quarter Ended September 30 2000	1999
Revenues:		
Customer	$1,412	$1,376
Intergroup (a)	5	2
Equity in earnings (losses) of unconsolidated affiliates	6	(3)
Other	7	12
Total revenues	$1,430	$1,387
Segment income	$23	$3

<FN>
(a) Intergroup sales and transfers were conducted under terms comparable to those with unrelated parties.

Effective January 1, 2000, USX changed its methodology for allocating the pension credit or cost associated with its principal pension plans for internal business performance reporting purposes. Since future contributions to these plans are expected to be minimal due to their overfunded position, no pension credit or cost is allocated to the U. S. Steel operating segment. Prior years' segment income or loss has been restated to conform with the current allocation methodology.

5. (Continued)

(In millions)	Nine Months Ended September 30 2000	1999
Revenues:		
Customer	$4,529	$3,913
Intergroup (a)	13	14
Equity in earnings (losses) of unconsolidated affiliates	13	(36)
Other	33	33
Total revenues	$4,588	$3,924
Segment income	$145	$43

<FN>
(a) Intergroup sales and transfers were conducted under terms comparable to those with unrelated parties.

The following schedules reconcile segment revenue and income to amounts reported in the U. S. Steel Group's financial statements:

(In millions)	Third Quarter Ended September 30 2000	1999
Revenues of reportable segment	$1,430	$1,387
Items not allocated to segment - impairment of USS/Kobe investment and costs related to formation of Republic	-	(50)
Total Group revenues	$1,430	$1,337
Income for reportable segment	$23	$3
Items not allocated to segment:		
Administrative expenses	(7)	(4)
Net pension credits	67	46
Costs related to former business activities	(23)	(21)
Impairment of USS/Kobe investment and costs related to formation of Republic	-	(50)
Total Group income (loss) from operations	$60	$(26)

5. (Continued)

(In millions)	Nine Months Ended September 30 2000	1999
Revenues of reportable segment	$4,588	$3,924

Items not allocated to segment:		
Impairment of USS/Kobe investment and costs related to formation of Republic	-	(50)
Loss on investment in RTI stock used to satisfy indexed debt obligations	-	(22)
Total Group revenues	$4,588	$3,852

Income for reportable segment	$145	$43
Items not allocated to segment:		
Administrative expenses	(18)	(17)
Net pension credits	199	186
Costs related to former business activities	(63)	(65)
Impairment of USS/Kobe investment and costs related to formation of Republic	-	(50)
Loss on investment in RTI stock used to satisfy indexed debt obligations	-	(22)
Total Group income from operations	$263	$75

6. In the second quarter of 1999, the U. S. Steel Group recognized a one-time pretax settlement gain of $35 million, related mainly to pension costs of employees who retired under the U. S. Steel Group 1998 voluntary early retirement program. This noncash settlement gain is included in selling, general and administrative expenses.

7. Inventories are carried at the lower of cost or market. Cost of inventories is determined primarily under the last-in, first-out (LIFO) method.

	(In millions)	
	September 30 2000	December 31 1999
Raw materials	$187	$101
Semi-finished products	391	392
Finished products	218	193
Supplies and sundry items	60	57
Total	$856	$743

8. The method of calculating net income (loss) per common share for the Steel Stock and Marathon Stock reflects the Board's intent that the separately reported earnings and surplus of the U. S. Steel Group and the Marathon Group, as determined consistent with the USX Restated Certificate of Incorporation, are available for payment of dividends on the respective classes of stock, although legally available funds and liquidation preferences of these classes of stock do not necessarily correspond with these amounts.

Basic net income (loss) per share is calculated by adjusting net income for dividend requirements of preferred stock and is based on the weighted average number of common shares outstanding.

Diluted net income (loss) per share assumes exercise of stock options, provided the effect is not antidilutive.

See Note 7, of the Notes to USX Consolidated Financial Statements for the computation of income per share.

9. At September 30, 2000, and December 31, 1999, income taxes receivable represents an estimated income tax receivable from the Marathon Group. In addition, included in investments and long-term receivables at September 30, 2000, and December 31, 1999, is $97 million income taxes receivable from the Marathon Group. These amounts have been determined in accordance with the tax allocation policy discussed in Note 2.

10. In August 1999, USX and Kobe Steel, Ltd. (Kobe Steel) completed a transaction that combined the steelmaking and bar producing assets of USS/Kobe Steel Company (USS/Kobe) with companies controlled by Blackstone Capital Partners II. The combined entity was named Republic Technologies International, LLC (Republic). In addition, USX made a $15 million equity investment in Republic. USX owned 50% of USS/Kobe and now owns 16% of Republic. USX accounts for its investment in Republic under the equity method of accounting. The seamless pipe business of USS/Kobe was excluded from this transaction. That business, now known as Lorain Tubular Company LLC, is a wholly owned subsidiary of USX.

    Third quarter 2000 income (loss) from affiliates includes $10 million in charges related to USX's share of impairment and restructuring charges of Republic. In addition, third quarter 1999 income (loss) from affiliates includes $50 million in charges related to the impairment of the carrying value of USX's investment in USS/Kobe and costs related to the formation of Republic.

    In the third quarter of 2000, Republic underwent a financial restructuring to improve its liquidity position and to assist in making the semi-annual interest payment on its senior secured notes. As part of this restructuring, Republic received approximately $30 million in loans from certain of its direct and indirect equity partners in exchange for notes of Republic and warrants to purchase Class D common stock of Republic Technologies International, Inc., Republic's majority owner. USX loaned approximately $6 million to Republic as part of this transaction. USX also agreed to certain deferred payment terms into 2002 on up to a maximum of $30 million of obligations relating to an iron ore pellets supply agreement.

11. USX is the subject of, or a party to, a number of pending or threatened legal actions, contingencies and commitments relating to the U. S. Steel Group 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 U. S. Steel Group financial statements. However, management believes that USX will remain a viable and competitive enterprise even though it is possible that these contingencies could be resolved unfavorably to the U. S. Steel Group. See discussion of Liquidity in USX Consolidated Management's Discussion and Analysis of Financial Condition and Results of Operations.

    The U. S. Steel Group is subject to federal, state and local 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. At September 30, 2000, and December 31, 1999, accrued liabilities for remediation totaled $115 million and $101 million, respectively. It is not presently possible to estimate the ultimate amount of all remediation costs that might be incurred or the penalties that may be imposed.

    For a number of years, the U. S. Steel Group has made substantial capital expenditures to bring existing facilities into compliance with various laws relating to the environment. In the nine months of 2000 and for the years 1999 and 1998, such capital expenditures totaled $16 million, $32 million and $49 million, respectively. The U. S. Steel Group anticipates making additional such expenditures in the future; however, the exact amounts and timing of such expenditures are uncertain because of the continuing evolution of specific regulatory requirements.

Guarantees by USX of the liabilities of affiliated entities of the U. S. Steel Group totaled $88 million at September 30, 2000. In the event that any defaults of guaranteed liabilities occur, USX has access to its interest in the assets of the affiliates to reduce U. S. Steel Group losses resulting from these guarantees. As of September 30, 2000, the largest guarantee for a single affiliate was $60 million.

The U. S. Steel Group's contract commitments to acquire property, plant and equipment at September 30, 2000, totaled $84 million compared with $83 million at December 31, 1999.

12. In the fourth quarter 2000, the U. S. Steel Group must adopt several recently issued accounting pronouncements primarily related to the classification of items in the statement of operations. In December 1999, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. 101 (SAB 101) "Revenue Recognition in Financial Statements," which summarizes the SEC staff's interpretations of generally accepted accounting principles related to revenue recognition and classification. During the third quarter 2000, the EITF issued EITF Consensus No. 99-19 "Reporting Revenue Gross as a Principal versus Net as an Agent", which addresses whether certain cost items should be reported as a reduction of revenue or as a component of cost of sales, and EITF Consensus No. 00-10 "Accounting for Shipping and Handling Fees and Costs," which addresses the classification of costs incurred for shipping goods to customers. The adoption of these new pronouncements will have no net effect on the financial position or results of operations of the U. S. Steel Group, although they will require reclassifications of certain amounts in the statement of operations.

13. Definitive agreements have been executed regarding the following transactions, which will be accounted for as business combinations. The transactions are expected to close shortly after the receipt of any required approvals and the clearance of all preclosing conditions.

    On September 29, 2000, final documents were signed for the acquisition by USX of the steel operations and related assets of VSZ a.s. (VSZ). The transaction was approved by VSZ shareholders on October 12, 2000. The transaction must be approved by the Slovak government's anti-monopoly office. These operations are located in Kosice, Slovak Republic and will be known as U. S. Steel Kosice s.r.o. (USSK). An initial cash payment to VSZ of $60 million will be made at closing. An additional payment to VSZ of not less than $25 million and up to $75 million is contingent upon the future performance of USSK. Additionally, $325 million of debt will be issued by USSK to VSZ's lenders prior to closing. The acquisition will be accounted for under the purchase method of accounting.

    Prior to this transaction, USX and VSZ were joint partners in VSZ U.S. Steel s. r.o. (VSZUSS), a tin mill products manufacturer. The assets of USSK will include VSZ's interest in VSZUSS. The acquisition of the remaining interest in VSZUSS will be accounted for under the purchase method of accounting. Previously, USX had accounted for its investment in VSZUSS under the equity method of accounting.

    In October 2000, Transtar, Inc. (Transtar) announced that it had entered into a Reorganization and Exchange Agreement with its two voting shareholders, USX and Transtar Holdings, L.P. (Holdings), an affiliate of Blackstone Capital Partners L.P. As a result of this transaction, USX will become sole owner of Transtar and certain of its subsidiaries. Holdings will become owner of the other subsidiaries of Transtar. USX will account for the change in its ownership interest in Transtar under the purchase method of accounting. Previously, USX had accounted for its investment in Transtar under the equity method of accounting.

13. (Continued)

Also in October 2000, USX agreed to purchase the tin mill products business of LTV Corporation (LTV). Terms of this noncash transaction call for USX to assume certain employee-related obligations of LTV. The acquisition will be accounted for under the purchase method of accounting.

Both the Transtar and the LTV transactions are subject to certain government approvals and clearances. The LTV transaction is also subject to certain third party consents and customary closing conditions.

U. S. STEEL GROUP OF USX CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The U. S. Steel Group includes U. S. Steel, which is engaged in the production, transportation and sale of steel mill products, coke, and taconite pellets; the management of mineral resources; domestic coal mining; real estate development and management; and engineering and consulting services. Certain business activities are conducted through joint ventures and partially owned companies, such as USS-POSCO Industries ("USS-POSCO"), PRO-TEC Coating Company ("PRO-TEC"), Transtar, Inc. ("Transtar"), Clairton 1314B Partnership, VSZ U. S. Steel, s. r.o., and Republic Technologies International, LLC ("Republic"). Management's Discussion and Analysis should be read in conjunction with the U. S. Steel Group's Financial Statements and Selected Notes to Financial Statements. The discussion of Results of Operations should be read in conjunction with the Supplemental Statistics provided on page 88.

Certain sections of Management's Discussion and Analysis include forward-looking statements concerning trends or events potentially affecting the businesses of the U. S. Steel Group. These statements typically contain words such as "anticipates," "believes," "estimates," "expects" or similar words indicating that future outcomes are not known with certainty and subject to risk factors that could cause these outcomes to differ significantly from those projected. In accordance with "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, these statements are accompanied by cautionary language identifying important factors, though not necessarily all such factors, that could cause future outcomes to differ materially from those set forth in forward-looking statements. For additional risk factors affecting the businesses of the U. S. Steel Group, see Supplementary Data -- Disclosures About Forward-Looking Information in USX 1999 Form 10-K.

Results of Operations

Revenues for the third quarter and first nine months of 2000 and 1999 are set forth in the following table:

(Dollars in millions)	Third Quarter Ended September 30 2000	1999	Nine Months Ended September 30 2000	1999
Revenues of reportable segment	$1,430	$1,387	$4,588	$3,924
Revenues not allocated to reportable segment	-	(50)	-	(72)
Total Revenues	$1,430	$1,337	$4,588	$3,852

Total reportable segment revenues increased by $43 million and $664 million in the third quarter and first nine months of 2000, respectively, compared with the same periods in 1999. The increase in the third quarter reflected higher steel transaction prices and better results from equity affiliates, partially offset by lower steel shipment volumes. For the first nine months, improvement came primarily from higher tubular shipment volumes which had higher average transaction prices.

Income from operations for the U. S. Steel Group for the third quarter and first nine months of 2000 and 1999 is set forth in the following table:

(Dollars in millions)	Third Quarter Ended September 30 2000	1999	Nine Months Ended September 30 2000	1999
Segment income for U. S. Steel operations (a)	$23	$3	$145	$43
Items not allocated to segment:				
Net pension credits	67	46	199	186
Administrative expenses	(7)	(4)	(18)	(17)
Costs related to former business activities (b)	(23)	(21)	(63)	(65)
Impairment of USX's investment in USS/Kobe and costs related to formation of Republic (c)	-	(50)	-	(50)
Loss on investment in RTI stock used to satisfy indexed debt obligations (d)	-	-	-	(22)
Total Group income from operations	$60	$(26)	$263	$75

<FN>
(a) Includes income from the production and sale of steel products, coke and taconite pellets; domestic coal mining; the management of mineral resources; engineering and consulting services; and equity income from joint ventures and partially owned companies, such as USS-POSCO Industries, PRO-TEC Coating Company, Transtar, Inc., Republic Technologies International, LLC and VSZ U. S. Steel, s. r.o. Also includes results of real estate development and management, and financing activities.
(b) Includes other postretirement benefit costs and certain other expenses principally attributable to former business units of the U. S. Steel Group.
(c) For further details, see Note 10 to the U. S. Steel Group Financial Statements.
(d) For further details, see Note 4 to the U. S. Steel Group Financial Statements.

Segment income for U. S. Steel operations

Segment income for U. S. Steel operations increased $20 million and $102 million in the third quarter and first nine months of 2000, respectively, compared with the same periods in 1999. The increases in segment income were primarily due to those factors previously mentioned in the revenue discussion. In addition, the third quarter and first nine months of 2000 were negatively impacted by higher natural gas prices. Segment income in the third quarter and first nine months of 2000 included a $10 million charge for USX's share of restructuring and impairment charges at Republic. The first nine months of 2000 included charges totaling $15 million for certain environmental and legal contingencies. The third quarter and first nine months of 2000 were unfavorably impacted by a planned blast furnace outage at Gary Works and the first nine months of 2000 were also negatively impacted by an unplanned blast furnace outage at Fairfield Works. Segment income for the third quarter and first nine months of 1999 included charges of $7 million and $17 million, respectively, for certain environmental and legal accruals. Segment income for 1999 was restated to conform with the current pension allocation methodology; therefore, no pension credit or cost is allocated to the U. S. Steel operations segment.

Item not allocated to segment

Net pension credits associated with all of U. S. Steel's pension plans are not included in segment income for U. S. Steel operations. These net pension credits, which are primarily noncash, totaled $67 million and $199 million in the third quarter and first nine months of 2000, respectively, compared to $46 million and $186 million in the same periods in 1999. Net pension credits in the first nine months of 1999 included $35 million for a one-time favorable settlement primarily related to the 1998 voluntary early retirement program for salaried employees completed during the second quarter 1999.

Net interest and other financial costs for the third quarter and first nine months of 2000 and 1999 are set forth in the following table:

(Dollars in millions)	Third Quarter Ended September 30 2000	Third Quarter Ended September 30 1999	Nine Months Ended September 30 2000	Nine Months Ended September 30 1999
Net interest and other financial costs	$27	$20	$75	$48
Less:				
Favorable adjustment to carrying value of indexed debt(a)	-	-	-	(13)
Net interest and other financial costs adjusted to exclude above item	$27	$20	$75	$61

<FN>
(a) For further discussion, see the Exchangeable Notes discussion in Note 4 to the U. S. Steel Group Financial Statements.

Adjusted net interest and other financial costs increased by $7 million and $14 million in the third quarter and first nine months of 2000, respectively, as compared with the same periods in 1999. These increases were primarily due to higher debt levels.

The provision for estimated income taxes in the third quarter and first nine months of 2000 increased compared to the same periods in 1999 due to an increase in income before income taxes.

The extraordinary loss on extinguishment of debt of $2 million (net of $1 million income tax benefit) in the third quarter of 1999 was USX's share of Republic's extraordinary loss related to the early extinguishment of debt. The $7 million for the first nine months included this charge and a $5 million loss (net of $3 million income tax benefit) resulting from the satisfaction of the indexed debt. For further discussion, see Note 4 to the U. S. Steel Group Financial Statements.

Net income increased $50 million and $108 million in the third quarter and first nine months of 2000, respectively, compared to the same periods in 1999, primarily reflecting the factors discussed above.

Operating Statistics

Third quarter 2000 steel shipments of 2.6 million tons decreased 10% from the same period in 1999 and steel shipments of 8.4 million tons in the first nine months of 2000 increased 9% from the same period in 1999. Raw steel production in the third quarter of 2000 of 2.8 million tons was down 10% compared to the same period in 1999. Raw steel production in the first nine months of 2000 of 8.9 million tons was comparable to the same period in 1999. Raw steel capability utilization in the third quarter of 2000 averaged 85.5%, compared to 94.9% in the same period in 1999. Raw steel capability utilization in the first nine months of 2000 averaged 93.3%, compared to 93.0% in the same period in 1999. Steel shipments, raw steel production and raw steel capability utilization in the third quarter and first nine months of 2000 were negatively impacted by a planned blast furnace outage at Gary Works, with this blast furnace expected to be idled for the remainder of the year because of business conditions, and, for the first nine months, by the blast furnace outage at Fairfield Works in the second quarter.

Cash Flows

Net cash provided from operating activities in the first nine months of 2000 was $5 million, compared with $158 million in the same period in 1999. The decrease of $153 million reflected unfavorable working capital changes, partially offset by improved net income and an income tax settlement with the Marathon Group in accordance with the group tax allocation policy.

Capital expenditures in the first nine months of 2000 were $133 million, compared with $221 million in the same period in 1999. Capital expenditures are expected to approximate $200 million for the year 2000.

Contract commitments for capital expenditures at September 30, 2000, totaled $84 million, compared with $83 million at December 31, 1999. The September 30, 2000 commitment includes approximately half of the $90 million purchase price for the Gary No. 2 Slab Caster which is expected to be purchased upon lease expirations in the second and third quarters of 2001. The commitment for the remaining purchase price was made in October 2000.

The above discussion includes a forward-looking statement concerning capital expenditures for the year 2000. This statement is based on assumptions as to completion of capital projects and estimated spending levels. In the event any of these assumptions prove to be inaccurate, actual results may differ significantly from those presently anticipated.

Financial obligations increased $200 million in the first nine months of 2000. The increase in financial obligations resulted from capital expenditures and dividend payments exceeding cash from operating activities. Financial obligations consist of the U. S. Steel Group's portion of USX debt and preferred stock of a subsidiary attributed to both groups, as well as debt and financing agreements specifically attributed to the U. S. Steel Group.

Derivative Instruments

See Quantitative and Qualitative Disclosures About Market Risk for discussion of derivative instruments and associated market risk for U. S. Steel Group.

Liquidity

For discussion of USX's liquidity and capital resources, see Management's Discussion and Analysis of USX Consolidated Financial Condition, Cash Flows and Liquidity.

Environmental Matters, Litigation and Contingencies

The U. S. Steel Group has incurred and will continue to incur substantial capital, operating and maintenance, and remediation expenditures as a result of environmental laws and regulations. In recent years, these expenditures have been mainly for process changes in order to meet Clean Air Act obligations, although ongoing compliance costs have also been significant. To the extent these expenditures, as with all costs, are not ultimately reflected in the prices of the U. S. Steel Group's products and services, operating results will be adversely affected. The U. S. Steel Group believes that all of its domestic competitors are subject to similar environmental laws and regulations. However, the specific impact on each competitor may vary depending on a number of factors, including the age and location of its operating facilities, marketing areas, production processes and the specific products and services it provides. To the extent that competitors are not required to undertake equivalent costs in their operations, the competitive position of the U. S. Steel Group could be adversely affected.

USX has been notified that it is a potential responsible party ("PRP") at 27 waste sites related to the U. S. Steel Group under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") as of

September 30, 2000. In addition, there are 13 sites related to the U. S. Steel Group where USX has received information requests or other indications that USX may be a PRP under CERCLA but where sufficient information is not presently available to confirm the existence of liability or make any judgment as to the amount thereof. There are also 30 additional sites related to the U. S. Steel Group where remediation is being sought under other environmental statutes, both federal and state, or where private parties are seeking remediation through discussions or litigation. At many of these sites, USX is one of a number of parties involved and the total cost of remediation, as well as USX's share thereof, is frequently dependent upon the outcome of investigations and remedial studies. The U. S. Steel Group accrues for environmental remediation activities when the responsibility to remediate is probable and the amount of associated costs is reasonably determinable. As environmental remediation matters proceed toward ultimate resolution or as additional remediation obligations arise, charges in excess of those previously accrued may be required.

In 1997, USS/Kobe Steel Company ("USS/Kobe"), a joint venture between USX and Kobe Steel, Ltd. ("Kobe"), was the subject of a multi-media audit by the U.S. Environmental Protection Agency ("EPA") that included an air, water and hazardous waste compliance review. USS/Kobe and the EPA entered into a tolling agreement pending issuance of the final audit and commenced settlement negotiations in July 1999. In August 1999, the steelmaking and bar producing operations of USS/Kobe were combined with companies controlled by Blackstone Capital Partners II to form Republic. The tubular operations of USS/Kobe were transferred to a newly formed entity, Lorain Tubular Company, LLC ("Lorain Tubular"), which operated as a joint venture between USX and Kobe until December 31, 1999 when USX purchased all of Kobe's interest in Lorain Tubular. Republic and Lorain Tubular are continuing

negotiations with the EPA. Most of the matters raised by the EPA relate to Republic's facilities; however, air discharges from Lorain Tubular's #3 seamless pipe mill have also been cited. Lorain Tubular will be responsible for matters relating to its facilities. The final report and citations from the EPA have not been issued.

In 1996, USX was notified by the Indiana Department of Environmental Management ("IDEM"), acting as lead trustee, that IDEM and the U.S. Department of the Interior had concluded a preliminary investigation of potential injuries to natural resources related to releases of hazardous substances and oil into the Grand Calumet River, Indiana Harbor Canal and Indiana Harbor near Gary Works. USX was identified as a PRP along with 15 other companies owning property along the river, harbor canal and harbor. The public trustees have completed a preassessment screen pursuant to federal regulations and are performing a Natural Resource Damage Assessment. USX is cooperating with eight other PRP's in a joint defense group which is currently engaged in settlement discussions with the public trustees and EPA.

In February 1999, the United States Department of Justice and EPA issued a letter demanding a cash payment of approximately $4 million to resolve a Finding of Violation issued in 1997 alleging improper sampling of benzene waste streams at Gary Works. On September 18, 2000, a Consent Decree was entered with the United States District Court which settled the alleged violation of the benzene National Emissions Standards for Hazardous Air Pollutants. U. S. Steel agreed to pay a civil penalty of $587,000 and to complete a Supplemental Environmental Project removing polychlorinated biphenyl transformers at a cost of approximately $2.2 million. Payment of the civil penalty was made on October 13, 2000.

USX is the subject of, or a party to, a number of pending or threatened legal actions, contingencies and commitments relating to the U. S. Steel Group involving a variety of matters, including laws and regulations relating to the environment, certain of which are discussed in Note 11 to the U. S. Steel Group Financial Statements. The ultimate resolution of these contingencies could, individually or in the aggregate, be material to the U. S. Steel Group Financial Statements. However, management believes that USX will remain a viable and competitive enterprise even though it is possible that these contingencies could be resolved unfavorably to the U. S. Steel Group.

Outlook

U. S. Steel's order book and prices have softened due to continued high import volumes, which, through the first eight months of 2000, exceeded record-year 1998 levels for the same period, a draw down of inventories by spot purchasers and increasing evidence that the growth in the domestic economy is slowing. These factors are expected to continue to dampen our business through the fourth quarter with shipments for the fourth quarter of 2000 projected to be somewhat below third quarter levels. High natural gas prices, which unfavorably affected the first nine months of 2000, are expected to persist for some time. Due to our reduced order book, the blast furnace idled at Gary Works in July for a planned 10-day outage is now expected to remain down through year end. In addition, one of five agglomerator lines at Minntac taconite mining operations in Minnesota will be idled on November 3, 2000, and is expected to remain down through year end.

U. S. Steel's income from operations includes net pension credits, which are primarily noncash, associated with all of U. S. Steel's pension plans. Net pension credits are expected to be approximately $265 million in 2000. At the end of 2000, U. S. Steel's main pension plans' transition asset will be fully amortized, decreasing the pension credit by $69 million annually in future years for this component. In addition, for the year 2001, changes in plan assets based on market performance, if unfavorable, and pending business combinations are expected to further reduce net pension credits which are currently projected to be in the range of $140 million to $165 million. The above includes forward-looking statements concerning net pension credits which can vary depending upon the market performance of plan assets, changes in actuarial assumptions regarding such factors as the selection of a discount rate and rate of return on plan assets, changes in the amortization levels of transition amounts or prior period service costs, plan amendments affecting benefit payout levels and profile changes in the beneficiary populations being valued. Changes in any of these factors could cause net pension credits to change. To the extent net pension credits decline in the future, income from operations would be adversely affected.

USX owns a 16 percent equity method investment in Republic (through USX's ownership in Republic Technologies International Holdings, LLC ("Republic Holdings"), which is the sole owner of Republic). In the third quarter of 2000, Republic announced that it had completed a financial restructuring to improve its liquidity position. Republic raised approximately $30 million in loans from certain of its direct and indirect equity partners in exchange for notes of Republic and warrants to purchase Class D common stock of Republic Technologies International, Inc., Republic's majority owner. USX's portion was approximately $6 million. USX also agreed to certain deferred payment terms into the year 2002, up to a maximum of $30 million, with regard to Republic's obligations relating to iron ore pellets supplied to Republic. In its Form 10-Q for the period ended September 30, 2000, which was filed with the SEC on October 31, 2000, Republic Holdings stated that "Notwithstanding these efforts, [Republic] may need to obtain additional financing to meet its cash flow requirements, including financing from the sale of additional debt or equity securities." Republic Holdings also stated, "As a result of the factors mentioned above, [Republic] is highly leveraged and could be considered a risky investment."

At September 30, 2000, USX's financial exposure to Republic totaled approximately $107 million, consisting of its equity investment in Republic, unsecured notes receivable, unsecured trade accounts receivable and contingent liabilities on USX obligations assumed by Republic.

In March 2000, U. S. Steel announced it had reached a tentative agreement to acquire ownership of the steel operations and related assets of VSZ a.s. ("VSZ"). These operations are located in Kosice, Slovak Republic and will be known as U. S. Steel Kosice s.r.o. ("USSK"). VSZ has an annual capacity of 4 million tons of raw steel production. An initial cash payment to VSZ of $60 million will be made at closing. Additional payments to VSZ of not less that $25 million and up to $75 million are contingent upon the future performance of USSK. Additionally, USSK will issue $325 million of debt to VSZ lenders and will reimburse VSZ for paying $15 million in past taxes. Also, USSK has agreed to spend $700 million in capital improvements over the next ten years. Final transaction documents were signed on September 29 and shareholders gave their final approval at a meeting held on October 12. The transaction is expected to close in November 2000. USX owns approximately 25% of the shares of VSZ.

In early October 2000, U. S. Steel announced an agreement with LTV Corporation ("LTV") to purchase LTV's tin mill products business, including its Indiana Harbor, Indiana tin operations. Terms of this noncash transaction call for U. S. Steel to assume certain employee-related obligations of LTV. U. S. Steel intends to operate these facilities as an ongoing business and tin mill employees at Indiana Harbor will become U. S. Steel employees. U. S. Steel and LTV also entered into 5-year agreements for LTV to supply U. S. Steel with pickled hot bands and for U. S. Steel to provide LTV with processing of cold rolled steel. The purchase is expected to become effective around year end.

Transtar recently announced it has entered into a Reorganization and Exchange Agreement with its two voting shareholders, Transtar Holdings, L.P. (Holdings), an affiliate of Blackstone Capital Partners L.P., and USX Corporation. As a result of this transaction, USX would become the sole owner of Transtar and certain of its subsidiaries, namely, the Birmingham Southern Railroad Company; the Elgin, Joliet and Eastern Railway Company; the Lake Terminal Railroad Company; the McKeesport Connecting Railroad Company; the Mobile River Terminal Company, Inc.; the Union Railroad Company; the Warrior & Gulf Navigation Company; and Tracks Traffic and Management Services, Inc. and their subsidiaries. Holdings would become the owner of the other subsidiaries.

The above discussion includes forward-looking statements concerning shipments and prices and the completion of the VSZ, LTV and Transtar transactions. Projected shipments and prices are based on assumptions as to import levels, purchaser inventory levels and U.S. economic performance. One factor among others that could affect the VSZ acquisition is final approval by the anti-monopoly office of the Slovak Republic. The completion of the LTV acquisition may be affected by factors such as receipt of government approvals, consent of third parties, and satisfaction of customary closing conditions. The completion of the Transtar reorganization and exchange could be affected by a number of factors, such as approval by the Surface and Transportation Board, antitrust clearances and satisfaction of customary closing conditions. In the event any of these assumptions prove to be inaccurate, actual results may differ significantly from those presently anticipated.

Steel imports to the United States accounted for an estimated 28%, 26% and 30% of the domestic steel market in the first eight months of 2000, and for the years 1999 and 1998, respectively. Steel imports of hot-rolled sheet and pipe increased 58% and 45%, respectively, in the first eight months of 2000, compared to the same period in 1999.

On June 30, 1999, U. S. Steel joined with four other producers and the USWA to file trade cases against five countries (the Czech Republic, Japan, Mexico, Romania, and South Africa) concerning imports of large and small diameter seamless carbon and alloy standard, line, and pressure pipe. In each of these cases the Department of Commerce ("Commerce") found that dumping had occurred, and on June 9, 2000 and July 13, 2000, the International Trade Commission ("ITC") determined that the domestic industry is being materially injured or threatened with material injury by the dumping in question. Commerce issued antidumping ("AD") orders in all of the cases.

USX intends to file additional antidumping and countervailing duty petitions if unfairly traded imports adversely impact, or threaten to adversely impact, the results of the U. S. Steel Group.

On September 1, 1999, Commerce and the ITC published public notices announcing the initiation of the mandatory five-year "sunset" reviews of AD and countervailing duty ("CVD") orders issued as a result of the cold-rolled, corrosion-resistant, and cut-to-length plate cases filed by the domestic industry in 1992 and earlier. Under the "sunset" review procedure, an order must be discontinued after five years unless Commerce and the ITC determine that dumping or a countervailable subsidy is likely to continue or recur and that material injury to the domestic industry is likely to continue or recur. In all 34 of the cases, Commerce issued determinations that, if the CVD or AD orders were to be revoked, further dumping or subsidization would occur. On November 2, 2000, the ITC determined that the orders should be continued in place in all of the cases concerning corrosion-resistant steel and all of the cases concerning cut-to-length plate, except cut-to-length plate from Canada. It decided that all of the orders on cold-rolled product should be discontinued.

On July 3, 2000, Commerce and the ITC published public notices announcing the initiation of the mandatory five-year "sunset" reviews of AD orders issued in 1995 against seamless pipe from Argentina, Brazil, Germany and Italy and oil country tubular goods ("OCTG") from Argentina, Italy, Japan, Mexico and South Korea. The reviews also encompass the 1995 CVD orders against the same two products from Italy. Of the 11 orders, 8 are the subject of expedited review at Commerce because there was no response, inadequate response, or waiver of participation by the respondent parties. Therefore, at Commerce, only three of the orders (AD: OCTG from Mexico; and CVD: OCTG and seamless pipe from Italy) are the subject of a full review. The ITC is conducting full reviews of all the cases, despite the fact that responses by some of the respondent countries were inadequate.

On October 28, 1999, Weirton Steel, along with the USWA and the Independent Steelworkers Union ("ISU"), filed a trade case against tin- and chromium-coated steel sheet imports from Japan. On June 20, 2000 Commerce announced final AD margins and on August 2, 2000, the ITC determined that the domestic industry is being materially injured or threatened with material injury by the dumping in question. Commerce issued an AD order against Japan effective August 28, 2000.

U. S. STEEL GROUP OF USX CORPORATION
QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Commodity Price Risk and Related Risks

Sensitivity analysis of the incremental effects on income before income taxes of hypothetical 10% and 25% decreases in commodity prices for open derivative commodity instruments as of September 30, 2000, are provided in the following table(a):

(Dollars in millions)	Incremental Decrease in Income Before Income Taxes Assuming a Hypothetical Price Change of: 10%	25%	
Derivative Commodity Instruments			
U. S. Steel Group			
Zinc			
Other than trading	$.2	$.4	(b)
Tin			
Other than trading	.1	.2	(b)

<FN>

(a) Gains and losses on derivative commodity instruments used for other than trading activities are generally offset by price changes in the underlying commodity. Effects of these offsets are not reflected in the sensitivity analyses. Amounts reflect the estimated incremental decrease in income before income taxes of hypothetical 10% and 25% changes in closing commodity prices for each open contract position at September 30, 2000. Management evaluates the portfolios of derivative commodity instruments on an ongoing basis and adjusts strategies to reflect anticipated market conditions, changes in risk profiles and overall business objectives. Changes to the portfolios subsequent to September 30, 2000, will cause future income before income tax effects to differ from those presented in the table.

(b) Price decrease.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

USX is subject to the effects of interest rate fluctuations on certain of its non-derivative financial instruments. A sensitivity analysis of the projected incremental effect of a hypothetical 10% decrease in September 30, 2000, interest rates on the fair value of the U.S. Steel Group's specifically attributed non-derivative financial instruments and the U. S. Steel Group's portion of USX's non-derivative financial instruments attributed to both groups, is provided in the following table:

(Dollars in millions)

As of September 30, 2000

Non-Derivative Financial Instruments(a)	Carrying Value	Fair Value	Incremental Increase in Fair Value(b)
Financial assets:			
Investments and long-term receivables	$59	$59	$-
Financial liabilities:			
Long-term debt (c)(d)	$1,017	$1,047	$30
Preferred stock of subsidiary	66	64	6
USX obligated mandatorily redeemable convertible preferred securities of a subsidiary trust	183	129	11
Total liabilities	$1,266	$1,240	$47

<FN>

(a) Fair values of cash and cash equivalents, receivables, notes payable, accounts payable and accrued interest, approximate carrying value and are relatively insensitive to changes in interest rates due to the short-term maturity of the instruments. Accordingly, these instruments are excluded from the table.

(b) Reflects, by class of financial instrument, the estimated incremental effect of a hypothetical 10% decrease in interest rates at September 30, 2000, on the fair value of USX's non-derivative financial instruments. For financial liabilities, this assumes a 10% decrease in the weighted average yield to maturity of USX's long-term debt at September 30, 2000.

(c) Includes amounts due within one year.

(d) Fair value was based on market prices where available, or current borrowing rates for financings with similar terms and maturities.

Foreign Currency Exchange Rate Risk

As of September 30, 2000, the U. S. Steel Group had no material exposure to foreign currency exchange rate risk.

Equity Price Risk

As of September 30, 2000, the U. S. Steel Group had no material exposure to equity price risk.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Safe Harbor

The U. S. Steel Group's Quantitative and Qualitative Disclosures About Market Risk include forward-looking statements with respect to management's opinion about risks associated with the U. S. Steel Group's use of derivative instruments. These statements are based on certain assumptions with respect to market prices and industry supply and demand for steel products and certain raw materials. To the extent that these assumptions prove to be inaccurate, future outcomes with respect to the U. S. Steel Group's hedging programs may differ materially from those discussed in the forward-looking statements.

U. S. STEEL GROUP OF USX CORPORATION SUPPLEMENTAL STATISTICS (Unaudited)

(Dollars in millions)	Third Quarter Ended September 30 2000	1999	Nine Months Ended September 30 2000	1999
REVENUES	$1,430	$1,337	$4,588	$3,852
INCOME (LOSS) FROM OPERATIONS				
U. S. Steel operations (a) (b) (c)	$23	$3	$145	$43
Items not allocated to segment:				
Net Pension Credits (c)	67	46	199	186
Administrative Expenses	(7)	(4)	(18)	(17)
Cost related to former business activities (d)	(23)	(21)	(63)	(65)
Impairment of USX's investment in USS/Kobe and costs related to the formation of Republic (e)	-	(50)	-	(50)
Loss on settlement of indexed debt with RTI International Metals, Inc. Stock	-	-	-	(22)
Total U. S. Steel Group	60	(26)	263	75
CAPITAL EXPENDITURES	$36	$68	$133	$221
OPERATING STATISTICS				
Average steel price per ton	$454	$405	$448	$421
Steel Shipments (f)	2,557	2,835	8,441	7,764
Raw Steel-Production (f)	2,752	3,061	8,938	8,901
Raw Steel-Capability Utilization (g)	85.5%	94.9%	93.3%	93.0%
Iron ore shipments (f)	4,770	4,706	11,455	10,892

<FN>

(a) Results in the third quarter and first nine months of 2000 included $10 million for USX's share of Republic's special charges. Results in the first nine months of 2000 included charges totaling $15 million for certain environmental and legal accruals. Results in the third quarter and first nine months of 1999 included charges of $7 million and $17 million, respectively, for certain legal and environmental accruals.

(b) Includes the production and sale of steel products, coke and taconite pellets; domestic coal mining; the management of mineral resources; engineering and consulting services; and equity income from joint ventures and partially owned companies, such as USS-POSCO Industries, PRO-TEC Coating Company, Transtar, Inc., Republic Technologies International, LLC and VSZ U. S. Steel, s. r.o. Also includes results of real estate development and management, and financing activities.

(c) Effective January 1, 2000, USX changed its methodology for allocating the pension credit or cost associated with its principal pension plans for internal business performance reporting purposes. Since future contributions to these plans are expected to be minimal due to their overfunded position, no pension credit or cost is allocated to current business activities. Accordingly, no pension credit or cost has been allocated to the U. S. Steel operations segment. Prior years' segment profit or loss has been restated to conform with the current allocation methodology. Net pension credits for 1999 periods include $35 million for a pension settlement gain primarily related to the early retirement program completed during the second quarter 1999.

(d) Includes other postretirement benefit costs and certain other expenses principally attributable to former business units of the U. S. Steel Group.

(e) For additional information on the impairment, see Note 10 to the U. S. Steel Group Financial Statements.

(f) Thousands of net tons.

(g) Based on annual raw steel production capability of 12.8 million tons.

Item 1. LEGAL PROCEEDINGS

Marathon Group

Environmental Proceedings

MAP has responded to information requests from the EPA regarding New Source Review ("NSR") compliance at its Garyville and Texas City refineries. In addition, the scope of the EPA's 1998 multi-media inspections of the Detroit and Robinson refineries included NSR compliance. NSR requires new major stationary sources and major modifications at existing major stationary sources to obtain permits, perform air quality analysis and install stringent air pollution control equipment at affected facilities. The current EPA initiative appears to target many items that the industry has historically considered routine repair, replacement and maintenance or other activity exempted from the NSR requirements. MAP is engaged in ongoing discussions with the EPA on these issues.

While MAP has not been notified of any formal findings or violations resulting from either the information requests or inspections regarding NSR compliance; MAP has been informed during discussions with the EPA of potential non-compliance concerns of the EPA based on these inspections and other information identified by the EPA. Currently, discussions with the EPA have been of a general and technical nature without any commitment to specific control technologies, implementation schedules or possible penalties. It is possible that a framework for resolution of these issues could be reached as early as the fourth quarter of this year and that any resolution may include other pending matters such as those arising from the EPA's 1998 multi-media inspections.

In October 1998, the National Enforcement Investigations Center and Region V of the EPA conducted a multi-media inspection of MAP's Detroit refinery. Subsequently, in November 1998, Region V conducted a multi-media inspection of MAP's Robinson refinery. These inspections covered compliance with the Clean Air Act (New Source Performance Standards, Prevention of Significant Deterioration, and the National Emission Standards for Hazardous Air Pollutants for Benzene), the Clean Water Act (permit exceedances for the Waste Water Treatment Plant), reporting obligations under the Emergency Planning and Community Right to Know Act and the handling of process waste. Although MAP has been advised as to certain compliance issues regarding MAP's Detroit refinery, complete findings on the results of the inspections have not been issued. Thus far, MAP has been served with two Notices of Violation ("NOV") and three Findings of Violation in connection with the multi-media inspections at its Detroit refinery. The Detroit notices allege violations of the Michigan State Air Pollution Regulations, the EPA New Source Performance Standards and National Emission Standards for Hazardous Air Pollutants for benzene.

Marathon Group (continued)

Environmental Proceedings (continued)

On March 6, 2000, MAP received its first NOV arising out of the multi-media inspection of the Robinson Refinery conducted in November 1998. The NOV is for alleged Resource Conservation and Recovery Act (hazardous waste) violations. MAP can contest the factual and legal basis for the allegations prior to the EPA taking enforcement action. At this time, it is not known when complete findings on the results of these multi-media inspections will be issued.

FTC Investigation

On June 27, 2000, the Federal Trade Commission ("FTC") issued a subpoena to MAP as part of an investigation to determine whether firms engaged in the production, transportation, distribution, marketing or sale of petroleum products have engaged in any unfair methods of competition in the Midwest in violation of Section 5 of the Federal Trade Commission Act. MAP has responded to the subpoena and is cooperating with the investigation. On June 29, 2000, MAP received a demand for information from the Wisconsin Attorney General which is substantially similar to the FTC subpoena. MAP has responded to the request and certain other informal requests for information.

The investigation was in response to a recent increase in gasoline prices, particularly those in the Midwest. MAP believes that much of the increase nationwide was related to the price of crude oil, which nearly tripled since January 1999, and to the implementation of regulations which force refiners to produce an ever-widening array of motor fuels for different markets. In addition to these factors, the Midwest has been experiencing an imbalance of gasoline supply and demand. The primary causes of this imbalance are new fuels required June 1 for the Chicago, Milwaukee and St. Louis markets and a series of pipeline and refinery disruptions. MAP believes that it properly responded to market forces in its gasoline pricing practices.

Manteo

On July 18, 1997, the United States Court of Federal Claims, Case No. 92-331C, entered a judgment in the amount of $78 million in favor of Marathon Oil Company and against the United States of America. The U. S. government was effectively ordered to return lease bonuses that Marathon paid in 1981 for interest in five oil and gas leases offshore North Carolina. The lawsuit filed in May 1992 alleged, inter alia, that the federal government breached the leases through passage of legislation which imposed additional conditions and a moratorium on the company's rights to explore, develop, and produce hydrocarbons from the leases. The Department of Justice appealed the trial court's decision to the U. S. Court of Appeals for the Federal Circuit which reversed the trial court. During the fourth quarter of 1999, Marathon's request for Writ of Certiorari to the U.S. Supreme Court was granted. On June 26, 2000, the United States Supreme Court reversed and remanded the case to the U. S. Court of Appeals for the Federal Circuit for further action.

U. S. Steel Group

Environnmental Proceedings

Gary Works

In 1996, USX was notified by the Indiana Department of Environmental Management ("IDEM") acting as lead trustee, that IDEM and the U.S. Department of the Interior had concluded a preliminary investigation of potential injuries to natural resources related to releases of hazardous substances and oil into the Grand Calumet River, Indiana Harbor Canal and Indiana Harbor near Gary Works. USX was identified as a PRP along with 15 other companies owning property along the river, harbor canal and harbor. The public trustees have completed a preassessment screen pursuant to federal regulations and are performing a Natural Resource Damage Assessment. USX is cooperating with eight (8) other PRPs in a joint defense group which is currently engaged in settlement discussions with the public trustees and EPA.

In February 1999, the United States Department Of Justice and EPA issued a letter demanding a cash payment of approximately $4 million to resolve a Finding of Violation issued in 1997 alleging improper sampling of benzene waste streams at Gary Works. On September 18, 2000, a Consent Decree was entered with the United States District Court which settled the alleged violation of the benzene National Emissions Standards for Hazardous Air Pollutants. U. S. Steel agreed to pay a civil penalty of $587,000 and to complete a Supplemental Environmental Project removing transformers containing polychlorinated biphenyl at a cost of approximately $2.2 million. Payment of the civil penalty was made on October 13, 2000.

Item 5. OTHER INFORMATION (Continued)

Marathon Group

SUMMARIZED CONSOLIDATED FINANCIAL INFORMATION OF MARATHON OIL COMPANY
Supplementary Data

(Unaudited)

The following summarized consolidated financial information of Marathon Oil Company, a wholly owned subsidiary of USX, is included in this Form 10-Q in satisfaction of the reporting obligation of Marathon which has debt securities registered under the Securities Exchange Act. All such securities are guaranteed by USX.

(In millions)	Third Quarter Ended September 30 2000	Third Quarter Ended September 30 1999	Nine Months Ended September 30 2000	Nine Months Ended September 30 1999
INCOME DATA:				
Revenues	$9,288	$6,483	$26,142	$16,805
Income from operations	741	566	2,140	1,389
Net income	107	221	724	475

(In millions)	September 30 2000	December 31 1999
BALANCE SHEET DATA:		
Assets:		
Current assets	$7,031	$6,077
Noncurrent assets	11,568	11,489
Total assets	$18,599	$17,566
Liabilities and Stockholder's Equity:		
Current liabilities	$3,912	$3,320
Noncurrent liabilities	8,799	9,250
Preferred stock of subsidiary	10	10
Minority interest in consolidated subsidiary	1,922	1,753
Stockholder's equity	3,956	3,233

Total liabilities and stockholder's equity	$18,599	$17,566
	=======	=======

Part II - Other Information (Continued):

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

12.1 Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends

12.2 Computation of Ratio of Earnings to Fixed Charges

27. Financial Data Schedule

(b) REPORTS ON FORM 8-K

Form 8-K dated July 25, 2000, reporting under Item 5. Other Events, that the Board of Directors declared a dividend of 25 cents per share on USX-US Steel Group Common Stock.

Form 8-K dated July 25, 2000, reporting under Item 5. Other Events, that the Board of Directors declared a dividend of 23 cents per share on USX-Marathon Group Common Stock, an increase of 2 cents per share. USX also announced the Board of Directors authorized the spending of up to $450 million to repurchase shares of its USX-Marathon Group Common Stock.

Form 8-K dated October 19, 2000, reporting under Item 5. Other Events and Regulation FD Disclosure, that the Marathon Group Earnings Release reported that Marathon has signed a definitive agreement with Shell to transfer its 37.5 percent interest in Sakhalin Energy Investment Company Ltd. The increased likelihood of closing this transaction triggered a one-time, noncash deferred tax charge of $235 million in the third quarter.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned chief accounting officer thereunto duly authorized.

USX CORPORATION

By /s/ Larry G. Schultz

Larry G. Schultz
Vice President - Accounting

November 2, 2000

Exhibit 12.1

USX CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES
AND PREFERRED STOCK DIVIDENDS
TOTAL ENTERPRISE BASIS - (Unaudited)
CONTINUING OPERATIONS

(Dollars in Millions)

	Nine Months Ended September 30		Year Ended December 31				
	2000	1999	1999	1998	1997	1996	1995
Portion of rentals representing interest	$74	$75	$95	$105	$82	$78	$76
Capitalized interest	12	24	26	46	31	11	13
Other interest and fixed charges	281	269	365	318	352	428	486
Pretax earnings which would be required to cover preferred stock dividend requirements of parent	9	11	14	15	20	37	46
Combined fixed charges and preferred stock dividends (A)	$376	$379	$500	$484	$485	$554	$621
Earnings-pretax income with applicable adjustments (B)	$2483	$1631	$2098	$1671	$1761	$1887	$909
Ratio of (B) to (A)	6.60	4.30	4.20	3.45	3.63	3.41	1.46

Exhibit 12.2

USX CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
TOTAL ENTERPRISE BASIS - (Unaudited)
CONTINUING OPERATIONS

(Dollars in Millions)

	Nine Months Ended September 30		Year Ended December 31				
	2000	1999	1999	1998	1997	1996	1995
Portion of rentals representing interest	$74	$75	$95	$105	$82	$78	$76
Capitalized interest	12	24	26	46	31	11	13
Other interest and fixed charges	281	269	365	318	352	428	486
Total fixed charges (A)	$367	$368	$486	$469	$465	$517	$575
Earnings-pretax income with applicable adjustments (B)	$2483	$1631	$2098	$1671	$1761	$1887	$909
Ratio of (B) to (A)	6.77	4.43	4.32	3.56	3.79	3.65	1.58

<ARTICLE> 5
<LEGEND>
THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED STATEMENT OF OPERATIONS AND THE CONSOLIDATED BALANCE SHEET AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
</LEGEND>
<MULTIPLIER> 1,000,000

<PERIOD-TYPE> 9-MOS
<FISCAL-YEAR-END> DEC-31-2000
<PERIOD-START> JAN-01-2000
<PERIOD-END> SEP-30-2000
<CASH> 171
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<OTHER-SE> 6989
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<SALES> 30425
<TOTAL-REVENUES> 30675
<CGS> 23324
<TOTAL-COSTS> 28298
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<LOSS-PROVISION> 0
<INTEREST-EXPENSE> 267
<INCOME-PRETAX> 1737<F2>
<INCOME-TAX> 877
<INCOME-CONTINUING> 860
<DISCONTINUED> 0
<EXTRAORDINARY> 0
<CHANGES> 0
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<EPS-BASIC> 0<F3>
<EPS-DILUTED> 0<F4>
<FN>
<F1>Consists of Marathon Stock issued, $312 million; Steel Stock issued, $89 million.
<F2>Net of minority interest of $373 million.
<F3>Basic Earnings Per Share applicable to Marathon Stock, $2.38; Steel Stock, $1.27
<F4>Diluted Earnings Per Share applicable to Marathon Stock, $2.37; Steel Stock, $1.27
</FN>