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 June 30, 1998

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 July 31, 1998 follows:

USX-Marathon Group	-	290,589,455	shares
USX-U. S. Steel Group	-	88,099,041	shares

USX CORPORATION
SEC FORM 10-Q
QUARTER ENDED June 30, 1998

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Part I - Financial Information

A. Consolidated Corporation

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

(Dollars in millions)	Second Quarter Ended June 30 1998	1997	Six Months Ended June 30 1998	1997
REVENUES:				
Sales	$7,214	$5,461	$14,101	$11,122
Dividend and affiliate income	46	25	71	43
Gain on disposal of assets	30	13	44	26
Gain on ownership change in Marathon Ashland Petroleum LLC	(2)	-	246	-
Other income	4	3	17	6
Total revenues	7,292	5,502	14,479	11,197
COSTS AND EXPENSES:				
Cost of sales (excludes items shown below)	5,198	3,895	10,468	8,018
Selling, general and administrative expenses	67	50	152	97
Depreciation, depletion and amortization	281	242	628	487
Taxes other than income taxes	1,004	774	1,868	1,541
Exploration expenses	75	41	157	74
Inventory market valuation charges (credits)	(3)	64	(28)	178
Total costs and expenses	6,622	5,066	13,245	10,395
INCOME FROM OPERATIONS	670	436	1,234	802
Net interest and other financial costs	71	105	153	186
Minority interest in income of Marathon Ashland Petroleum LLC	158	-	212	-
INCOME BEFORE INCOME TAXES	441	331	869	616
Provision for estimated income taxes	143	116	301	206
INCOME FROM CONTINUING OPERATIONS	298	215	568	410
INCOME (LOSS) FROM DISCONTINUED OPERATIONS (net of income tax)	-	(1)	-	-
NET INCOME	298	214	568	410
Noncash credit from exchange of preferred stock	-	10	-	10
Dividends on preferred stock	(3)	(2)	(5)	(8)
NET INCOME APPLICABLE TO COMMON STOCKS	$295	$222	$563	$412

<FN>
Selected notes to financial statements appear on pages 9-16.

USX CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF OPERATIONS (Continued) (Unaudited)
INCOME PER COMMON SHARE

(Dollars in millions, except per share amounts)	Second Quarter Ended June 30 1998	Second Quarter Ended June 30 1997	Six Months Ended June 30 1998	Six Months Ended June 30 1997
APPLICABLE TO MARATHON STOCK:				
Net income	$162	$118	$345	$226
- Per share - basic and diluted	.56	.41	1.19	.78
Dividends paid per share	.21	.19	.42	.38
Weighted average shares, in thousands				
- Basic	289,591	287,838	289,220	287,729
- Diluted	290,263	289,396	289,879	292,013
APPLICABLE TO STEEL STOCK:				
Net income	$133	$105	$218	$186
- Per share - basic	1.53	1.23	2.51	2.19
- diluted	1.46	1.06	2.41	1.99
Dividends paid per share	.25	.25	.50	.50
Weighted average shares, in thousands				
- Basic	86,953	85,614	86,777	85,307
- Diluted	94,507	93,983	94,314	94,284

<FN>
Selected notes to financial statements appear on pages 9-16.

USX CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET (Unaudited)

ASSETS

(Dollars in millions)	June 30 1998	December 31 1997
ASSETS		
Current assets:		
Cash and cash equivalents	$566	$54

Restricted cash	379	-
Receivables, less allowance for doubtful accounts of $12 and $15	1,802	1,417
Inventories	2,488	1,685
Deferred income tax benefits	230	229
Other current assets	109	87
Total current assets	5,574	3,472
Investments and long-term receivables, less reserves of $15 and $15	1,197	1,028
Property, plant and equipment, less accumulated depreciation, depletion and amortization of $15,763 and $15,466	11,565	10,062
Prepaid pensions	2,366	2,247
Other noncurrent assets	330	280
Cash restricted for redemption of Delhi Stock	-	195
Total assets	$21,032	$17,284

<FN>
Selected notes to financial statements appear on pages 9-16.

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

LIABILITIES AND STOCKHOLDERS' EQUITY

(Dollars in millions)	June 30 1998	December 31 1997
LIABILITIES		
Current liabilities:		
Notes payable	$379	$121
Accounts payable	2,848	2,011
Payroll and benefits payable	500	521
Accrued taxes	288	304
Accrued interest	105	95
Long-term debt due within one year	454	471
Total current liabilities	4,574	3,523
Long-term debt, less unamortized discount	3,311	2,932
Long-term deferred income taxes	1,520	1,353
Employee benefits	2,883	2,713

Deferred credits and other liabilities	699	736
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	182	182
Minority interest in Marathon Ashland Petroleum LLC	1,737	-
Redeemable Delhi Stock	-	195
STOCKHOLDERS' EQUITY		
Preferred stock -		
6.50% Cumulative Convertible issued - 2,961,887 shares and 2,962,037 shares ($148 liquidation preference)	3	3
Common stocks:		
Marathon Stock issued - 290,265,145 shares and 288,786,343 shares	290	289
Steel Stock issued - 87,291,033 shares and 86,577,799 shares	87	86
Additional paid-in capital	4,001	3,924
Retained earnings	1,536	1,138
Deferred compensation adjustments	(1)	(3)
Accumulated other comprehensive income (loss)	(40)	(37)
Total stockholders' equity	5,876	5,400
Total liabilities and stockholders' equity	$21,032	$17,284

<FN>
Selected notes to financial statements appear on pages 9-16.

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

(Dollars in millions)	Six Months Ended June 30 1998	1997
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
OPERATING ACTIVITIES:		
Net income	$568	$410
Adjustments to reconcile to net cash provided from operating activities:		
Minority interest in income of Marathon Ashland Petroleum LLC - net of distributions	82	-
Depreciation, depletion and amortization	628	499
Exploratory dry well costs	97	30
Inventory market valuation charges (credits)	(28)	178
Pensions	(110)	(90)
Postretirement benefits other than pensions	9	4
Deferred income taxes	180	58
Gain on disposal of assets	(44)	(26)
Gain on ownership change in Marathon Ashland Petroleum LLC	(246)	-
Changes in:		
Current receivables	236	200
Inventories	(193)	(127)
Current accounts payable and accrued expenses	(33)	(284)
All other - net	(96)	(48)
Net cash provided from operating activities	1,050	804
INVESTING ACTIVITIES:		

Capital expenditures	(686)	(544)
Disposal of assets	45	397
Investments in equity affiliates - net	(66)	(152)
Withdrawals (deposits) of restricted cash - net	(188)	94
All other - net	26	8
Net cash used in investing activities	(869)	(197)
FINANCING ACTIVITIES:		
Commercial paper and revolving credit arrangements - net	(121)	7
Other debt - borrowings	842	-
- repayments	(100)	(433)
Common stock - issued	75	30
- repurchased	(195)	-
Dividends paid	(170)	(159)
Net cash provided from (used in) financing activities	331	(555)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	-	(1)
NET INCREASE IN CASH AND CASH EQUIVALENTS	512	51
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	54	55
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$566	$106
Cash used in operating activities included:		
Interest and other financial costs paid (net of amount capitalized)	$(144)	$(201)
Income taxes paid	(150)	(197)

<FN>
Selected notes to financial statements appear on pages 9-16.

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. Additional information is contained in the USX Annual Report on Form 10-K for the year ended December 31, 1997.

2. Effective January 1, 1998, USX adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (SFAS No. 130). This statement establishes standards for reporting and display of comprehensive income and its components in the financial statements. Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events from nonowner sources. It includes all changes in equity during a period except those resulting from investments by and distributions to owners. Total comprehensive income for the second quarter and six months of 1998 was $294 million and $565 million, respectively. Total comprehensive income for the same 1997 periods was $215 million and $410 million, respectively.

Effective January 1, 1997, USX adopted American Institute of Certified Public Accountants Statement of Position No. 96-1, "Environmental Remediation Liabilities" (SOP 96-1), which provides additional interpretation of existing accounting standards related to recognition, measurement and disclosure of environmental remediation liabilities. As a result of adopting SOP 96-1, USX identified additional environmental remediation liabilities of $46 million, of which $28 million was discounted to a present value of $13 million and $18 million was not discounted. Assumptions used in the calculation of the present value amount included an

inflation factor of 2% and an interest rate of 7% over a range of 22 to 30 years. Estimated receivables for recoverable costs related to adoption of SOP 96-1 were $4 million. The net unfavorable effect of adoption on income from operations at January 1, 1997, was $27 million.

3. Effective October 31, 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.

4. 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)	
	June 30 1998	December 31 1997
Raw materials	$925	$582
Semi-finished products	332	331
Finished products	1,335	922
Supplies and sundry items	152	134
Total (at cost)	2,744	1,969
Less inventory market valuation reserve	256	284
Net inventory carrying value	$2,488	$1,685

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's Management's Discussion and Analysis of Financial Condition and Results of Operations.

5. The method of calculating net income per share for the Marathon Stock, Steel Stock and, prior to November 1, 1997, the Delhi Stock reflects the USX Board of Directors' intent that the separately reported earnings and surplus of the Marathon Group, the U. S. Steel Group and the Delhi Group, as determined consistent with the USX 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, the U. S. Steel Group and the Delhi Group, taken together, include all accounts which comprise the corresponding consolidated financial statements of USX.

Basic net income per share is calculated by adjusting net income for dividend requirements of preferred stock and, in 1997, the noncash credit on exchange of preferred stock and is based on the weighted average number of common shares outstanding.

Diluted net income per share assumes conversion of convertible securities for the applicable periods outstanding and assumes exercise of stock options, provided in each case, the effect is not antidilutive.

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

(Unaudited)

5. (Continued)

COMPUTATION OF INCOME PER COMMON SHARE

	Second Quarter Ended June 30			
	1998		1997	
	Basic	Diluted	Basic	Diluted
CONTINUING OPERATIONS				
Marathon Group				
Net income (millions)	$162	$162	$118	$118
Shares of common stock outstanding (thousands):				
Average number of common shares outstanding	289,591	289,591	287,838	287,838
Effect of dilutive securities:				
Convertible debentures	-	-	-	1,106
Stock options	-	672	-	452
Average common shares and dilutive effect	289,591	290,263	287,838	289,396
Net income per share	$.56	$.56	$.41	$.41
U. S. Steel Group				
Net income (millions):				
Net income	$136	$136	$97	$97
Dividends on preferred stock	(3)	-	(2)	-
Noncash credit from exchange of preferred stock	-	-	10	-
Net income applicable to Steel Stock	133	136	105	97
Effect of dilutive convertible securities	-	2	-	3
Net income assuming conversions	$133	$138	$105	$100
Shares of common stock outstanding (thousands):				
Average number of common shares outstanding	86,953	86,953	85,614	85,614
Effect of dilutive securities:				
Trust preferred securities	-	4,256	-	2,128
Preferred stock	-	3,211	-	5,345
Convertible debentures	-	-	-	876
Stock options	-	87	-	20
Average common shares and dilutive effect	86,953	94,507	85,614	93,983
Net income per share	$1.53	$1.46	$1.23	$1.06

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

(Unaudited)

5. (Continued)

COMPUTATION OF INCOME PER COMMON SHARE

	Six Months Ended June 30			
	1998		1997	
	Basic	Diluted	Basic	Diluted

CONTINUING OPERATIONS

Marathon Group

Net income (millions)	$345	$345	$226	$226
Effect of dilutive securities -				
Convertible debentures	-	-	-	2
Net income assuming conversions	$345	$345	$226	$228
Shares of common stock outstanding (thousands):				
Average number of common shares outstanding	289,220	289,220	287,729	287,729
Effect of dilutive securities:				
Convertible debentures	-	-	-	3,873
Stock options	-	659	-	411
Average common shares and dilutive effect	289,220	289,879	287,729	292,013
Net income per share	$1.19	$1.19	$.78	$.78

U. S. Steel Group

Net income (millions):				
Net income	$223	$223	$184	$184
Dividends on preferred stock	(5)	-	(8)	-
Noncash credit from exchange of preferred stock	-	-	10	-
Net income applicable to Steel Stock	218	223	186	184
Effect of dilutive convertible securities	-	4	-	4
Net income assuming conversions	$218	$227	$186	$188
Shares of common stock outstanding (thousands):				
Average number of common shares outstanding	86,777	86,777	85,307	85,307
Effect of dilutive securities:				
Trust preferred securities	-	4,256	-	1,064
Preferred stock	-	3,211	-	6,412
Convertible debentures	-	-	-	1,485
Stock options	-	70	-	16
Average common shares and dilutive effect	86,777	94,314	85,307	94,284
Net income per share	$2.51	$2.41	$2.19	$1.99

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

	(In millions)			
	Second Quarter Ended June 30		Six Months Ended June 30	
	1998	1997	1998	1997
Matching crude oil and refined product buy/sell transactions settled in cash	$994	$551	$1,982	$1,306
Consumer excise taxes on petroleum products and merchandise	887	664	1,651	1,319

7. During 1997, Marathon Oil Company (Marathon) and Ashland Inc. (Ashland) agreed to combine the major elements of their refining, marketing and transportation (RM&T) operations. On January 1, 1998, Marathon transferred certain RM&T net assets to Marathon Ashland Petroleum LLC (MAP), a new consolidated subsidiary. Also on January 1, 1998, Marathon acquired certain RM&T net assets from Ashland in exchange for a 38%

interest in MAP. The acquisition was accounted for under the purchase method of accounting. The purchase price was determined to be $1.9 billion, based upon an external valuation. The change in Marathon's ownership interest in MAP resulted in a gain of $246 million, which is included in the first six months 1998 revenues.

The following unaudited pro forma data for USX includes the results of operations for the Ashland RM&T net assets, giving effect to the acquisition as if it had been consummated at January 1, 1997. The pro forma data is based on historical information and does not necessarily reflect the actual results that would have occurred nor is it necessarily indicative of future results of operations.

(In millions, except per share amounts)

	Second Quarter Ended June 30, 1997(a)	Six Months Ended June 30, 1997(a)
Revenues	$7,345	$14,992
Net income	228 (b)	418 (b)
Net income per common share of Marathon Stock:		
Basic and diluted	.46	.81

<FN>

(a) Pro forma data is based on USX and Ashland RM&T results of operations for the quarter and six months ended June 30, 1997.

(b) Excluding the pro forma inventory market valuation reserve adjustment, pro forma net income would have been $263 million and $519 million for the 1997 second quarter and six months, respectively. Reported 1997 net income for the second quarter and six months, excluding the reported inventory market valuation reserve adjustment, was $254 million and $522 million, respectively, which excludes the results of operations for the Ashland RM&T net assets.

8. Income from operations includes net periodic pension credits of $98 million and $75 million in the first six months of 1998 and 1997, respectively ($48 million and $37 million in the second quarter of 1998 and 1997, respectively.) These pension credits are primarily noncash and for the most part are included in selling, general and administrative expenses.

9. 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 second quarter and six months 1998 provision for estimated income taxes was decreased by a $9 million foreign tax adjustment as a result of a favorable resolution of foreign tax litigation.

10. At June 30, 1998, USX had no borrowings against its $2,350 million long-term revolving credit agreement.

USX has a short-term credit agreement totaling $125 million at June 30, 1998. Interest is based on the bank's prime rate or London Interbank Rate (LIBOR), and carries a facility fee of .15%. Certain other banks provide short-term lines of credit totaling $200 million which require a .125% fee or maintenance of compensating balances of 3%. At June 30, 1998, there were no borrowings against these facilities.

In the event of a change in control of USX, debt obligations totaling $3,368 million at June 30, 1998, may be declared immediately due and payable.

For a discussion of transactions under the revolving credit agreement subsequent to the balance sheet date, see Note 14.

11. In the first quarter of 1998, USX issued $400 million in aggregate principal amount of 6.85% Notes due 2008.

On June 9, 1998, Marathon entered into a Cdn$550 million short-term loan agreement to initially finance a portion of the acquisition of Tarragon Oil and Gas Limited. At June 30, 1998, the proceeds from this loan (U.S. $379 million) were restricted and were invested in short-term instruments. For a discussion of transactions under the Cdn$550 million loan agreement subsequent to the balance sheet date, see Note 14.

12. USX has an agreement (the program) to sell an undivided interest in certain accounts receivable of the U. S. Steel Group. Payments are collected from the sold accounts receivable; the collections are reinvested in new accounts receivable for the buyers; and a yield, based on defined short-term market rates, is transferred to the buyers. At June 30, 1998, the amount sold under the program that had not been collected was $350 million, which will be forwarded to the buyers at the end of the agreement, or in the event of earlier contract termination. If USX does not have a sufficient quantity of eligible accounts receivable to reinvest in for the buyers, the size of the program will be reduced accordingly. The buyers have rights to a pool of receivables that must be maintained at a level of at least 115% of the program's size. In the event of a change in control of USX, as defined in the agreement, USX may be required to forward payments collected on sold accounts receivable to the buyers.

13. 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 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 June 30, 1998, and December 31, 1997, accrued liabilities for remediation totaled $157 million and $158 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 $40 million at June 30, 1998, and $42 million at December 31, 1997.

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 first six months of 1998 and for the years 1997 and 1996, such capital expenditures totaled $69 million, $134 million and $165 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 June 30, 1998, and December 31, 1997, accrued liabilities for platform abandonment and dismantlement totaled $134 million and $128 million, respectively.

Guarantees by USX of the liabilities of affiliated entities totaled $129 million at June 30, 1998. 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 June 30, 1998, the largest guarantee for a single affiliate was $66 million.

At June 30, 1998, USX's pro rata share of obligations of LOOP LLC and various pipeline affiliates secured by throughput and deficiency agreements totaled $165 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 June 30, 1998, totaled $888 million compared with $533 million at December 31, 1997.

14. On June 20, 1998, Marathon entered into a definitive agreement to acquire Tarragon Oil and Gas Limited (Tarragon), a Canadian oil and gas exploration and production company. At a special meeting held August 11, 1998, the Tarragon securityholders approved the transaction. Securityholders of Tarragon received, at their election, Cdn$14.25 for each Tarragon share, or the economic equivalent in Exchangeable Shares of an indirect Canadian subsidiary of Marathon. These shares are exchangeable on a one-for-one basis into Marathon Stock. The total purchase price was approximately $1.1 billion, which includes the assumption of approximately $346 million in debt. USX will account for the acquisition using the purchase method of accounting.

On August 10, 1998, USX borrowed $1.0 billion under its revolving credit agreement to complete the acquisition of Tarragon and to repay borrowings under the Cdn$550 million short-term loan agreement and certain existing Tarragon debt.

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

Six Months Ended June 30		Year Ended December 31				
1998	1997	1997	1996	1995	1994	1993
4.70	3.59	3.92	3.62	1.49	2.01	(a)

<FN>
(a) Earnings did not cover combined fixed charges and preferred stock dividends by $356 million for 1993.

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

Six Months Ended June 30		Year Ended December 31				
1998	1997	1997	1996	1995	1994	1993
4.87	3.81	4.11	3.90	1.62	2.18	(a)

<FN>
(a) Earnings did not cover fixed charges by $312 million for 1993.

USX CORPORATION AND SUBSIDIARY COMPANIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

USX Corporation ("USX") is a diversified company engaged primarily 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 second quarter and first six months of 1998 USX Consolidated Financial Statements and selected notes. For net 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 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 the respective groups.

During 1997, Marathon Oil Company ("Marathon") and Ashland Inc.("Ashland") agreed to combine the major elements of their refining, marketing and transportation ("RM&T") operations. On January 1, 1998, Marathon transferred certain RM&T net assets to Marathon Ashland Petroleum LLC ("MAP"), a new consolidated subsidiary. Also, on January 1, 1998, Marathon acquired certain RM&T net assets from Ashland in exchange for a 38 percent interest in MAP. Financial measures such as revenues, income from operations and capital expenditures in 1998 include 100 percent of MAP and are not comparable to prior period amounts. Net income and related per share amounts for 1998 are net of the minority interest. For further discussion of MAP, see Note 7 to the USX Consolidated Financial Statements.

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 1997 Form 10-K.

USX CORPORATION AND SUBSIDIARY COMPANIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Revenues for the second quarter and first six months of 1998 and 1997 are set forth in the following table:

	Second Quarter Ended June 30	Six Months Ended June 30

(Dollars in millions)	1998	1997	1998	1997
Revenues (a)				
Marathon Group	$5,562	$3,787	$11,060	$7,890
U. S. Steel Group	1,733	1,737	3,429	3,368
Eliminations	(3)	(22)	(10)	(61)
Total USX Corporation revenues	$7,292	$5,502	$14,479	$11,197
Less:				
Excise taxes (b)(c)	887	664	1,651	1,319
Matching buy/sell transactions (b)(d)	994	551	1,982	1,306
Revenues excluding above items	$5,411	$4,287	$10,846	$8,572

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(a) Amounts for the second quarter and first six months of 1997 were reclassified to conform to 1998 classifications.
(b) Included in both revenues and costs and expenses for the Marathon Group and USX Consolidated.
(c) Consumer excise taxes on petroleum products and merchandise.
(d) Matching crude oil and refined products buy/sell transactions settled in cash.

Revenues (excluding excise taxes and matching buy/sell transactions) increased by $1,124 million in the second quarter of 1998 as compared with the second quarter of 1997, primarily reflecting an increase of $1,109 million for the Marathon Group. Revenues (excluding excise taxes and matching buy/sell transactions) increased by $2,274 million in the first six months of 1998 as compared with the first six months of 1997, reflecting increases of $2,162 million for the Marathon Group and $61 million for the U. S. Steel Group.

For discussion of revenues by group see Management's Discussion and Analysis of Financial Condition and Results of Operations for the Marathon Group, which includes discussion of pro forma revenues, giving effect to the assumed acquisition of Ashland's RM&T net assets on January 1, 1997, for the second quarter and first six months of 1997, and the U. S. Steel Group.

Income from operations and certain items included in income from operations for the second quarter and first six months of 1998 and 1997 are set forth in the following table:

	Second Quarter Ended June 30		Six Months Ended June 30	
(Dollars in millions)	1998	1997	1998	1997
Income from operations (a)	$670	$436	$1,234	$802
Less: certain favorable (unfavorable) items for				
Marathon Group				
Inventory market valuation reserve adjustment (b)	3	(64)	28	(178)
Write-off of certain international investments net of a favorable domestic contract settlement (c)	-	-	(76)	-
Gain on ownership change net of one-time transition charges - MAP (d)	(2)	-	223	-
U. S. Steel Group				
Insurance litigation settlement for Gary Works No. 8 blast furnace (net of related charges and reserves) (e)	30	-	30	-
Partial insurance settlement related to the 1996 hearth breakout at Gary Works No. 13 blast furnace	-	-	-	15
Effect of adoption of SOP 96-1 (f)	-	-	-	(20)

Other environmental accrual adjustments - net	-	-	-	11
Subtotal	31	(64)	205	(172)
Income from operations adjusted to exclude above items	$639	$500	$1,029	$974

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<FN>
(a) Amounts for the second quarter and first six months of 1997 were reclassified to conform to 1998 classifications.
(b) The inventory market valuation ("IMV") reserve reflects the extent to which the recorded LIFO cost basis of crude oil and refined product inventories exceeds net realizable value. For additional discussion of the IMV reserve adjustment, see Management's Discussion and Analysis of Financial Condition and Results of Operations for the Marathon Group.
(c) This represents a write-off of certain non-revenue producing international investments and the gain from the resolution of contract disputes with a purchaser of the Marathon Group's natural gas production from certain domestic properties.
(d) The gain on ownership change and one-time transition charges relate to the formation of MAP. For additional discussion of the gain on ownership change in MAP, see Note 7 to the USX Consolidated Financial Statements.
(e) Settlement of litigation against USX's property insurers to recover losses related to a 1995 explosion at the Gary Works No. 8 blast furnace.
(f) American Institute of Certified Public Accountants Statement of Position No. 96-1, "Environmental Remediation Liabilities" ("SOP 96-1") provides additional guidance on recognition, measurement and disclosure of remediation liabilities.

USX CORPORATION AND SUBSIDIARY COMPANIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Adjusted income from operations increased by $139 million in the second quarter of 1998 as compared with the second quarter of 1997, reflecting an increase of $145 million for the Marathon Group, partially offset by a decrease of $6 million for the U. S. Steel Group. Adjusted income from operations increased by $55 million in the first six months of 1998 as compared with the first six months of 1997, reflecting increases of $31 million for the U. S. Steel Group and $24 million for the Marathon Group.

For discussion of adjusted income from operations by group see Management's Discussion and Analysis of Financial Condition and Results of Operations for the Marathon Group, which includes discussion of pro forma adjusted income from operations, giving effect to the assumed acquisition of Ashland's RM&T net assets on January 1, 1997, for the second quarter and first six months of 1997, and the U. S. Steel Group.

Net interest and other financial costs for the second quarter and first six months of 1998 and 1997 are set forth in the following table:

	Second Quarter Ended June 30		Six Months Ended June 30	
(Dollars in millions)	1998	1997	1998	1997
Interest and other financial income	$15	$1	$22	$(1)
Interest and other financial costs	(86)	(106)	(175)	(185)
Net interest and other financial costs	(71)	(105)	(153)	(186)
Less:				
Adjustment to carrying value of indexed debt(a)	-	(10)	(4)	6
Net interest and other financial costs adjusted to exclude above item	$(71)	$(95)	$(149)	$(192)

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(a) In December 1996, USX issued $117 million in aggregate principal amount of 6-3/4% Notes Due February 1, 2000 ("indexed debt"), mandatorily exchangeable at maturity for common stock of RMI Titanium Company ("RMI") (or for the equivalent amount of cash, at USX's option). The carrying value of indexed debt is adjusted quarterly to settlement value based on changes in the value of RMI common stock. Any resulting adjustment is charged or credited to income and included in interest and other financial costs. USX's 27 percent interest in RMI continues to be accounted for under the equity method.

Excluding the adjustment to the carrying value of indexed debt, net interest and other financial costs decreased by $24 million and $43 million in the second quarter and first six months of 1998, respectively, as compared with the second quarter and first six months of 1997, due primarily to increased interest income and capitalized interest on upstream projects for the Marathon Group, and lower average debt levels for the U. S. Steel Group.

Provision for estimated income taxes in the second quarter and first six months of 1998 was decreased by a $9 million foreign tax adjustment as a result of a favorable resolution of foreign tax litigation for the U. S. Steel Group.

Net income increased $84 million and $158 million in the second and first six months of 1998, as compared to the second quarter and first six months of 1997, mainly due to the items discussed above.

Noncash credit from exchange of preferred stock was $10 million in the second quarter and first six months of 1997. On May 16, 1997, USX exchanged approximately 3.9 million 6.75% Convertible Quarterly Income Preferred Securities ("Trust Preferred Securities") of USX Capital Trust I, for an equivalent number of shares of its outstanding 6.50% Cumulative Convertible Preferred Stock (6.50% Preferred Stock). The $10 million noncash credit reflects the difference between the carrying value of the 6.50% Preferred Stock ($192 million) and the fair value of the Trust Preferred Securities ($182 million), at the date of the exchange.

Dividends to Stockholders

On July 28, 1998, the USX Board of Directors (the "Board") declared dividends of 21 cents per share on Marathon Stock and 25 cents per share on Steel Stock, payable September 10, 1998, to stockholders of record at the close of business on August 19, 1998. The Board also declared a dividend of $0.8125 per share on USX's 6.50% Cumulative Convertible Preferred Stock, payable September 30, 1998, to stockholders of record at the close of business on August 31, 1998.

Cash Flows

Net cash provided from operating activities totaled $1,050 million in the first six months of 1998, compared with $804 million in the first six months of 1997. The Marathon Group had a $300 million increase in net cash provided from operating activities in the first six months of 1998 as compared to the first six months of 1997. The increase was primarily due to favorable working capital changes resulting from a temporary change in excise tax payment patterns. The U. S. Steel Group had a $52 million decrease in net cash provided from operating activities in the first six months of 1998 as compared to the first six months of 1997. The decrease was primarily due to unfavorable working capital changes.

Cash from the disposal of assets was $45 million in the first six months of 1998, compared with $397 million in the first six months of 1997. The 1997 proceeds included $361 million resulting from USX's entry into a strategic partnership with two limited partners to acquire an interest in three coke batteries at its U. S. Steel Group's Clairton Works.

The net deposits of restricted cash were $188 million in the first six months of 1998, compared to net withdrawals of restricted cash of $94 million in the first six months of 1997. The 1998 amount primarily represents proceeds from the Cdn$550 short-term million loan agreement Marathon entered into in anticipation of the Tarragon Oil and Gas Limited ("Tarragon") acquisition. At June 30, 1998, the proceeds from this loan (U.S. $379 million) were restricted for acuquisition funding purposes and invested in short-term

instruments. This deposit was partially offset by the withdrawal from restricted cash of $195 million for the redemption of all of the shares of Delhi Stock in the first quarter of 1998. The $94 million withdrawal in 1997 mainly represents cash withdrawn from an interest-bearing escrow account that was established in the fourth quarter of 1996 in connection with the disposal of Marathon Group oil production properties in Alaska.

On August 10, 1998, USX borrowed $1,000 million against its $2,350 million long-term revolving credit agreement primarily for the funding of the Tarragon acquisition. A portion of these funds was used to repay the Cdn$550 million (U.S. $379 million) loan discussed above.

Capital expenditures for property, plant and equipment in the first six months of 1998 were $686 million, compared with $544 million in the first six months of 1997. For further details, see USX Corporation - Financial Statistics on page 27, and Management's Discussion and Analysis of Financial Condition and Results of Operations for the Marathon Group and the U. S. Steel Group.

Contract commitments to acquire property, plant and equipment and long-term investments at June 30, 1998, totaled $888 million compared with $533 million at December 31, 1997.

Net investments in equity affiliates was $66 million in the first six months of 1998, compared with $152 million in the first six months of 1997. Net investments in equity affiliates in 1998 decreased $134 million for the Marathon Group. Net investments in 1998 were reduced by $59 million as a result of repayments by Sakhalin Energy Investment Company, Ltd. of advances made by Marathon in conjunction with the Sakhalin II project in Russia. The 1997 amount included investments in the Nautilus natural gas pipeline system in the Gulf of Mexico and the purchase of a 50 percent interest in an Ecuadorian power generation company. Cash invested in equity affiliates for the U. S. Steel Group increased $48 million, primarily due to the funding for the entry into a joint venture in Slovakia.

USX's total long-term debt, preferred stock of subsidiary, USX obligated preferred securities of a subsidiary trust and notes payable was $4,576 million at June 30, 1998, an increase of $620 million from December 31, 1997. Excluding $379 million of short-term borrowings related to the Tarragon acquisition, the proceeds of which are reported as restricted cash, the increase from December 31, 1997, was $241 million primarily the result of the issuance of $400 million of 6.85% notes due in 2008.

Debt and Preferred Stock Ratings

In June 1998, Moody's Investors Services, Inc. upgraded the ratings on USX's and Marathon's senior debt to Baa2 from Baa3, on USX's subordinated debt to Baa3 from Ba2, and on preferred stock to Ba1 from Ba2.

Liquidity

At June 30, 1998, USX had no borrowings against its $2,350 million long-term revolving credit agreement, its $125 million short-term credit agreement and additional short-term lines of credit totaling $200 million.

On August 10, 1998, USX borrowed $1,000 million against its $2,350 million long-term revolving credit agreement in relation to the funding of the Tarragon acquisition.

Effective as of July 31, 1998, MAP entered into two revolving credit agreements totaling $500 million.

USX filed with the Securities and Exchange Commission a shelf registration statement, which became effective July 31, 1998, which allows USX to offer and issue unsecured debt securities, equity securities and warrants in an aggregate principal amount of up to $1 billion in one or more separate offerings on terms to be determined at the time of sale. Including this shelf registration statement, USX has a total of $1.543 billion available under existing shelf registration statements.

USX management believes that its short-term and long-term liquidity is adequate to satisfy its obligations as of June 30, 1998, and to complete currently authorized capital spending programs and the acquisition of Tarragon. Future requirements for USX's business needs, including the funding of capital expenditures, debt maturities for the balance of 1998 and years 1999 and 2000, and any amounts that may ultimately be paid in connection with contingencies (which are discussed in Note 13 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 or 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 43 waste sites under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") as of June 30, 1998. In addition, there are 25 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 127 additional sites, excluding retail marketing outlets, 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 which has retained liability for all costs associated with remediation.

At many 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.

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 13 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.

Year 2000

See Year 2000 in Management's Discussion and Analysis of Financial Condition and Results of Operations for the Marathon Group and the U. S. Steel Group.

Accounting Standards

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" which introduces a "management approach" for identifying reportable industry segments of an enterprise. USX plans to adopt the standard, effective with its 1998 annual financial statements.

In February 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits". USX plans to adopt the standard, effective with its 1998 annual financial statements.

In March 1998, the American Institute of Certified Public Accountants issued Statement of Position No. 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use" ("SOP 98-1"). SOP 98-1 provides guidelines for companies to capitalize or expense costs incurred to develop or obtain internal-use software. USX will adopt SOP 98-1 effective January 1, 1999. The incremental impact on results of operations of adoption of SOP 98-1 has not been determined, although it is likely that it will be initially favorable since certain qualifying costs will be capitalized and amortized over future periods.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities". This new standard requires recognition of all derivatives as either assets or liabilities at fair value. This new standard may result in additional volatility within Stockholders' Equity as a result of recording unrecognized gains and losses within Other Comprehensive Income. USX may also have to recognize gains or losses from hedging activities in its results of operations in periods different than would be the case under existing guidance. Based upon the hedging strategies currently used by USX and the level of activity related to commodity-based derivative instruments in recent periods, USX does not anticipate the effect of adoption to have a material impact on either financial position or results of operations. USX plans to adopt the standard effective January 1, 2000, as required.

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

As of June 30, 1998, the discussion of USX's commodity price risk, interest rate risk, foreign currency exchange rate risk and equity price risk has not changed materially from that presented in Quantitative and Qualitative Disclosures About Market Risk included in the USX 1997 Form 10-K. For additional discussion on market risk for USX, see Quantitative and Qualitative Disclosures About Market Risk in the USX 1997 Form 10-K.

USX CORPORATION FINANCIAL STATISTICS (Unaudited)

(Dollars in millions)	Second Quarter Ended June 30		Six Months Ended June 30	
	1998	1997	1998	1997
REVENUES				
Marathon Group (a)	$5,562	$3,787	$11,060	$7,890
U. S. Steel Group	1,733	1,737	3,429	3,368
Eliminations	(3)	(22)	(10)	(61)
Total	$7,292	$5,502	$14,479	$11,197
INCOME FROM OPERATIONS				
Marathon Group (a)	$453	$243	$855	$478
U. S. Steel Group	217	193	379	324
Total	$670	$436	$1,234	$802
CAPITAL EXPENDITURES				
Marathon Group (a)	$331	$271	$550	$389
U. S. Steel Group	79	67	136	117
Discontinued Operations	-	21	-	38
Total	$410	$359	$686	$544
INVESTMENTS IN (RETURNS FROM) EQUITY AFFILIATES - NET				
Marathon Group	$(22)	$80	$3	$137
U. S. Steel Group	-	16	63	15
Total	$(22)	$96	$66	$152

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(a) Amounts in 1998 include 100 percent of MAP.

Part I - Financial Information (Continued):

B. Marathon Group

MARATHON GROUP OF USX CORPORATION
STATEMENT OF OPERATIONS (Unaudited)

(Dollars in millions, except per share amounts)	Second Quarter Ended June 30		Six Months Ended June 30	
	1998	1997	1998	1997
REVENUES:				
Sales	$5,528	$3,768	$10,752	$7,849
Dividend and affiliate income	18	9	28	16
Gain on disposal of assets	13	7	16	19
Gain on ownership change in Marathon Ashland Petroleum LLC	(2)	-	246	-
Other income	5	3	18	6
Total revenues	5,562	3,787	11,060	7,890
COSTS AND EXPENSES:				

Cost of sales (excludes items shown below)	3,765	2,479	7,587	5,237
Selling, general and administrative expenses	120	83	251	167
Depreciation, depletion and amortization	209	163	479	334
Taxes other than income taxes	943	714	1,759	1,422
Exploration expenses	75	41	157	74
Inventory market valuation charges (credits)	(3)	64	(28)	178
Total costs and expenses	5,109	3,544	10,205	7,412
INCOME FROM OPERATIONS	453	243	855	478
Net interest and other financial costs	49	68	103	138
Minority interest in income of Marathon Ashland Petroleum LLC	158	-	212	-
INCOME BEFORE INCOME TAXES	246	175	540	340
Provision for estimated income taxes	84	57	195	114
NET INCOME	$162	$118	$345	$226
MARATHON STOCK DATA:				
Net income per share - basic and diluted	$.56	$.41	$1.19	$.78
Dividends paid per share	.21	.19	.42	.38
Weighted average shares, in thousands				
- Basic	289,591	287,838	289,220	287,729
- Diluted	290,263	289,396	289,879	292,013

<FN>
Selected notes to financial statements appear on pages 31-36.

MARATHON GROUP OF USX CORPORATION
BALANCE SHEET (Unaudited)

(Dollars in millions)	June 30 1998	December 31 1997
ASSETS		
Current assets:		
Cash and cash equivalents	$550	$36
Restricted cash	379	-
Receivables, less allowance for doubtful accounts of $7 and $2	1,327	856
Inventories	1,750	980
Other current assets	167	146
Total current assets	4,173	2,018
Investments and long-term receivables	536	455
Property, plant and equipment, less accumulated depreciation, depletion and amortization of $9,926 and $9,667	9,097	7,566
Prepaid pensions	296	290
Other noncurrent assets	299	236
Total assets	$14,401	$10,565
LIABILITIES		
Current liabilities:		
Notes payable	$379	$108
Accounts payable	2,222	1,348
Payroll and benefits payable	147	142
Accrued taxes	107	102
Deferred income taxes	70	61
Accrued interest	95	84

Long-term debt due within one year	409	417
Total current liabilities	3,429	2,262
Long-term debt, less unamortized discount	2,879	2,476
Long-term deferred income taxes	1,396	1,318
Employee benefits	552	375
Deferred credits and other liabilities	331	332
Preferred stock of subsidiary	184	184
Minority interest in Marathon Ashland Petroleum LLC	1,737	-
COMMON STOCKHOLDERS' EQUITY	3,893	3,618
Total liabilities and common stockholders' equity	$14,401	$10,565

<FN>
Selected notes to financial statements appear on pages 31-36.

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

(Dollars in millions)	Six Months Ended June 30 1998	1997
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
OPERATING ACTIVITIES:		
Net income	$345	$226
Adjustments to reconcile to net cash provided from operating activities:		
Minority interest in income of Marathon Ashland Petroleum LLC - net of distributions	82	-
Depreciation, depletion and amortization	479	334
Exploratory dry well costs	97	30
Inventory market valuation charges (credits)	(28)	178
Pensions	(5)	(9)
Postretirement benefits other than pensions	11	5
Deferred income taxes	91	34
Gain on disposal of assets	(16)	(19)
Gain on ownership change in Marathon Ashland Petroleum LLC	(246)	-
Changes in:		
Current receivables	161	95
Inventories	(160)	(71)
Current accounts payable and accrued expenses	66	(289)
All other - net	(69)	(6)
Net cash provided from operating activities	808	508
INVESTING ACTIVITIES:		
Capital expenditures	(550)	(389)
Disposal of assets	30	22
Investments in equity affiliates - net	(3)	(137)
Withdrawals (deposits) of restricted cash - net	(383)	94
All other - net	13	-
Net cash used in investing activities	(893)	(410)
FINANCING ACTIVITIES:		
Increase in Marathon Group's portion of USX consolidated debt	292	101
Specifically attributed debt - borrowings	379	-
- repayments	-	(40)
Marathon Stock issued	50	9

Dividends paid	(122)	(109)
Net cash provided from (used in) financing activities	599	(39)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	-	(1)
NET INCREASE IN CASH AND CASH EQUIVALENTS	514	58
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	36	32
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$550	$90
Cash used in operating activities included:		
Interest and other financial costs paid (net of amount capitalized)	$(105)	$(131)
Income taxes paid, including settlements with other groups	(136)	(152)

<FN>

Selected notes to financial statements appear on pages 31-36.

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. Additional information is contained in the USX Annual Report on Form 10-K for the year ended December 31, 1997.

2. Effective January 1, 1998, USX adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (SFAS No. 130). This statement establishes standards for reporting and display of comprehensive income and its components in the financial statements. Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events from nonowner sources. It includes all changes in equity during a period except those resulting from investments by and distributions to owners. The Marathon Group's total comprehensive income for the second quarter and six months of 1998 was $160 million and $344 million, respectively. Total comprehensive income for the same 1997 periods was $119 million and $227 million, respectively.

Effective January 1, 1997, USX adopted American Institute of Certified Public Accountants Statement of Position No. 96-1, "Environmental Remediation Liabilities" (SOP 96-1), which provides additional interpretation of existing accounting standards related to recognition, measurement and disclosure of environmental remediation liabilities. As a result of adopting SOP 96-1, the Marathon Group identified additional environmental remediation liabilities of $11 million. Estimated receivables for recoverable costs related to adoption of SOP 96-1 were $4 million. The net unfavorable effect of adoption on the Marathon Group's income from operations at January 1, 1997, was $7 million.

3. The financial statements of the Marathon Group include the financial position, results of operations and cash flows for the businesses of Marathon Oil Company 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.

3. (Continued)

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 among 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.

4. The method of calculating net income per share for the Marathon Stock, Steel Stock and, prior to November 1, 1997, Delhi Stock reflects the Board's intent that the separately reported earnings and surplus of the Marathon Group, the U. S. Steel Group and the Delhi Group, as determined consistent with the USX 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 conversion of convertible securities for the applicable periods outstanding and assumes exercise of stock options, provided in each case, the effect is not antidilutive.

See Note 5 of the Notes to USX Consolidated Financial Statements for the computation of income per common share.

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

	(In millions)			
	Second Quarter Ended June 30		Six Months Ended June 30	
	1998	1997	1998	1997
Matching crude oil and refined product buy/sell transactions settled in cash	$994	$551	$1,982	$1,306
Consumer excise taxes on petroleum products and merchandise	887	664	1,651	1,319

6. During 1997, Marathon Oil Company (Marathon) and Ashland Inc. (Ashland) agreed to combine the major elements of their refining, marketing

and transportation (RM&T) operations. On January 1, 1998, Marathon transferred certain RM&T net assets to Marathon Ashland Petroleum LLC (MAP), a new consolidated subsidiary. Also on January 1, 1998, Marathon acquired certain RM&T net assets from Ashland in exchange for a 38% interest in MAP. The acquisition was accounted for under the purchase method of accounting. The purchase price was determined to be $1.9 billion, based upon an external valuation. The change in Marathon's ownership interest in MAP resulted in a gain of $246 million, which is included in the first six months 1998 revenues.

The following unaudited pro forma data for the Marathon Group includes the results of operations for the Ashland RM&T net assets, giving effect to the acquisition as if it had been consummated at January 1, 1997. The pro forma data is based on historical information and does not necessarily reflect the actual results that would have occurred nor is it necessarily indicative of future results of operations.

(In millions, except per share amounts)

	Second Quarter Ended June 30, 1997(a)	Six Months Ended June 30, 1997(a)
Revenues	$5,630	$11,685
Net income	132 (b)	234 (b)
Net income per common share -		
Basic and diluted	.46	.81

<FN>

(a) Pro forma data is based on Marathon Group and Ashland RM&T results of operations for the quarter and six months ended June 30, 1997.

(b) Excluding the pro forma inventory market valuation reserve adjustment, pro forma net income would have been $167 million and $335 million for the 1997 second quarter and six months, respectively. Reported 1997 net income for the second quarter and six months, excluding the reported inventory market valuation reserve adjustment, was $158 million and $338 million, respectively, which excludes the results of operations for the Ashland RM&T net assets.

7. The financial statement provision for estimated income taxes and related tax payments or refunds have been reflected in the Marathon Group, the U. S. Steel Group and, prior to November 1, 1997, the Delhi 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 among the Marathon Group, the U. S. Steel Group and, prior to November 1, 1997, the Delhi 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, U. S. Steel and Delhi Groups and USX consolidated are allocated to each group based on the relationship of the individual group provisions to the combined interim provisions.

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)

	June 30 1998	December 31 1997
Crude oil and natural gas liquids	$790	$452
Refined products and merchandise	1,116	735
Supplies and sundry items	100	77
Total (at cost)	2,006	1,264
Less inventory market valuation reserve	256	284
Net inventory carrying value	$1,750	$980

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's Management's Discussion and Analysis of Financial Condition and Results of Operations.

9. 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 June 30, 1998, and December 31, 1997, accrued liabilities for remediation totaled $50 million and $52 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 $40 million at June 30, 1998, and $42 million at December 31, 1997.

9. (Continued)

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 six months of 1998 and for the years 1997 and 1996, such capital expenditures totaled $44 million, $81 million and $66 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 June 30, 1998, and December 31, 1997, accrued liabilities for platform abandonment and dismantlement totaled $134 million and $128 million, respectively.

Guarantees by USX of the liabilities of affiliated entities of the Marathon Group totaled $66 million at June 30, 1998. As of June 30, 1998, the largest guarantee for a single affiliate was $66 million.

At June 30, 1998, the Marathon Group's pro rata share of obligations of LOOP LLC and various pipeline affiliates secured by throughput and deficiency agreements totaled $165 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 June 30, 1998, totaled $666 million compared with $377 million at December 31, 1997.

10. On June 20, 1998, Marathon entered into a definitive agreement to acquire Tarragon Oil and Gas Limited (Tarragon), a Canadian oil and gas exploration and production company. At a special meeting held August 11, 1998, the Tarragon securityholders approved the transaction. Securityholders of Tarragon received, at their election, Cdn$14.25 for each Tarragon share, or the economic equivalent in Exchangeable Shares of an indirect Canadian subsidiary of Marathon. These shares are exchangeable on a one-for-one basis into Marathon Stock. The total purchase price was approximately $1.1 billion, which includes the assumption of approximately $346 million in debt. Marathon will account for the acquisition using the purchase method of accounting.

On June 9, 1998, Marathon entered into a Cdn$550 short-term million loan agreement to initially finance a portion of the acquisition. At June 30, 1998, the proceeds from this loan (U.S. $379 million) were restricted and were invested in short-term instruments.

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; and other energy related businesses. Management's Discussion and Analysis should be read in conjunction with the second quarter and first six months 1998 USX consolidated financial information and the Marathon Group Financial Statements and selected notes. The discussion of Results of Operations should be read in conjunction with the Supplemental Statistics provided on pages 48 and 49.

During 1997, Marathon and Ashland Inc. ("Ashland") agreed to combine the major elements of their refining, marketing and transportation ("RM&T") operations. On January 1, 1998, Marathon transferred certain RM&T net assets to Marathon Ashland Petroleum LLC ("MAP"), a new consolidated subsidiary. Also, on January 1, 1998, Marathon acquired certain RM&T net assets from Ashland in exchange for a 38 percent interest in MAP. Financial measures such as revenues, income from operations and capital expenditures in 1998 include 100 percent of MAP and are not comparable to prior period amounts. Net income and related per share amounts for 1998 are net of the minority interest. For further discussion of MAP, see Note 6 to the Marathon Group Financial Statements.

Certain sections of Management's Discussion and Analysis may include forward-looking statements concerning trends or events potentially affecting the businesses of the Marathon Group. These statements typically contain words such as "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 forward-looking statements.

Results of Operations

Revenues for the second quarter and first six months of 1998 and 1997 are summarized in the following table:

(Dollars in millions)	Second Quarter Ended June 30 1998	Second Quarter Ended June 30 1997	Six Months Ended June 30 1998	Six Months Ended June 30 1997
Refined products	$2,416	$1,724	$4,641	$3,410
Merchandise	473	266	876	504
Liquid hydrocarbons	419	242	839	508
Natural gas	270	282	615	720
Transportation and other (a)	105	58	210	123
Gain on ownership change in MAP (b)	(2)	0	246	0
Subtotal	3,681	2,572	7,427	5,265
Excise taxes (c) (e)	887	664	1,651	1,319
Matching buy/sell transactions (d) (e)	994	551	1,982	1,306
Total Revenues (a)	$5,562	$3,787	$11,060	$7,890

<FN>

(a) Amounts for second quarter and first six months of 1997 were reclassified to conform to 1998 classifications.

(b) See Note 6 to the Marathon Group Financial Statements for a discussion of the gain on ownership change in MAP and pro forma 1997 revenue information.

(c) Consumer excise taxes on petroleum products and merchandise.

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

(e) Included in both revenues and costs and expenses, resulting in no effect on income.

In 1998, revenues included 100 percent of MAP. On a pro forma basis, giving effect to the assumed acquisition of Ashland's RM&T net assets on January 1, 1997, revenues (excluding matching buy/sell transactions and excise taxes) for the second quarter and first six months of 1997 were $3,951 million and $7,980 million, respectively. Revenues in the second quarter and first six months of 1998 are lower than pro forma revenues in the same periods of 1997, primarily due to lower worldwide liquid hydrocarbon prices, lower domestic natural gas prices, and lower refined product prices, partially offset by higher liquid hydrocarbon sales volumes. In addition, for the first six months of 1998, these decreases were partially offset by the gain on ownership change in MAP. For additional information regarding pro forma revenues, see Supplemental Statistics on page 49.

Income from Operations and certain items included in income from operations for the second quarter and first six months of 1998 and 1997 are set forth in the following table:

(Dollars in millions)	Second Quarter Ended June 30 1998	Second Quarter Ended June 30 1997	Six Months Ended June 30 1998	Six Months Ended June 30 1997

Income from Operations (a)	$453	$243	$855	$478
Less: certain favorable (unfavorable) items				
IMV reserve adjustment (b)	3	(64)	28	(178)
Write-off of certain international investments net of a favorable domestic contract settlement (c)	0	0	(76)	0
Gain on ownership change net of one-time transition charges - MAP (d)	(2)	0	223	0
Subtotal	1	(64)	175	(178)
Income from operations adjusted to exclude above items	$452	$307	$680	$656

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<FN>

(a) Amounts for second quarter and first six months of 1997 were reclassified to conform to 1998 classifications.

(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 details of this noncash adjustment, see discussion below.

(c) This represents a write-off of certain non-revenue producing international investments and the gain from the resolution of contract disputes with a purchaser of the Marathon Group's natural gas production from certain domestic properties.

(d) The gain on ownership change and one-time transition charges relate to the formation of MAP. For additional discussion of the gain on ownership change in MAP, see Note 6 to the Marathon Group Financial Statements.

In 1998, income from operations included 100 percent of MAP. On a pro forma basis, giving effect to the assumed acquisition of Ashland's RM&T net assets on January 1, 1997, income from operations for second quarter 1997, excluding the effects of the pro forma IMV reserve adjustment, was $431 million. Second quarter 1998 adjusted income from operations of $452 million was higher than adjusted pro forma income from operations for second quarter 1997 primarily due to increased RM&T income from operations and lower administrative expenses. These increases were partially offset by lower worldwide exploration and production income from operations.

On a pro forma basis, adjusted income from operations, for the first six months of 1997, excluding the effects of the pro forma IMV reserve adjustment, was $794 million. The first six months of 1998 adjusted income from operations of $680 million was lower than adjusted pro forma income from operations in the comparable 1997 period primarily due to lower worldwide exploration and production income from operations in 1998, partially offset by increased RM&T income from operations and lower administrative expenses in 1998. For additional information regarding pro forma income from operations, see Supplemental Statistics on page 49.

With respect to the IMV reserve adjustment, when U. S. 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 the acquisition, and this became the new LIFO cost basis of the inventories. Generally accepted accounting principles require that inventories be reported at the lower of recorded cost or current market value. Accordingly, the Marathon Group has established an IMV reserve to reduce the cost basis of its inventories to current market value. Quarterly adjustments to the IMV reserve 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.

When Marathon acquired the crude oil and refined product inventories associated with Ashland's RM&T operations in January 1998, the Marathon Group established a new LIFO cost basis for those inventories. The acquisition cost of these inventories lowered the overall average cost of the Marathon Group's combined RM&T inventories. As a result, the price threshold at which an IMV reserve will be recorded has also been lowered. This acquisition resulted in a one-time reduction in the IMV reserve, resulting in a net favorable IMV reserve adjustment of $25 million in first quarter 1998.

Second quarter income from operations for domestic exploration and production ("upstream") decreased by $65 million in 1998 from 1997. Results in the first six months, excluding a favorable natural gas contract settlement, decreased $174 million from the same period in 1997. The decreases in both periods were due mainly to lower liquid hydrocarbon and natural gas prices and higher exploration expenses, partially offset by increased liquid hydrocarbon volumes.

Second quarter income from operations for international upstream operations decreased by $43 million in 1998 from 1997. The decline was mainly due to lower liquid hydrocarbon prices, higher depreciation, depletion and amortization and higher exploration expenses, partially offset by increased liquid hydrocarbon sales volumes. Results in the first six months, excluding the write-off of certain international investments in the first quarter, decreased $97 million from the same period in 1997. In addition to the factors discussed previously, the decrease was also due to lower natural gas volumes, mainly attributable to offshore operations in Ireland and Norway.

In 1998, income from operations for refining, marketing, and transportation ("downstream") operations included 100 percent of MAP. Second quarter 1998 income from operations for downstream operations, excluding the effects of special items, was $397 million, compared to $165 million in the prior-year period. On a pro forma basis, giving effect to the assumed acquisition of Ashland's RM&T net assets on January 1, 1997, income from operations for the combined downstream operations of Marathon and Ashland for second quarter 1997, excluding the effects of the pro forma IMV reserve adjustment, was $284 million. Income from operations for the first six months of 1998, for downstream operations excluding the gain on ownership change, was $525 million compared to $244 million in the prior-year period. On a pro forma basis, downstream income from operations for the first six months of 1997, excluding the effects of the pro forma IMV reserve adjustment, was $371 million. Downstream results in the second quarter and first six months of 1998 reflect strong refined product margins in second quarter 1998. For additional information regarding pro forma downstream income from operations, see Supplemental Statistics on page 49.

Other energy related businesses recorded income from operations of $3 million in second quarter 1998 compared to $9 million for the prior-year period. Income from operations for the first six months of 1998 was $17 million compared to $31 million for the prior-year period. The first six months 1997 included an $8 million gain on the sale of the Marathon Group's interest in a domestic pipeline company.

Administrative expenses in the second quarter decreased by $27 million in 1998 from 1997, primarily as a result of an increase in the administrative costs being charged to MAP and reported in RM&T that were previously reported in Administrative. In addition, second quarter 1998 decreased due to lower accruals for employee benefit and compensation plans and litigation. Administrative expenses for the first six months of 1998 decreased $28 million from the same period in 1997. The decrease was due to the factors discussed previously.

Net interest and other financial costs for the second quarter and first six months of 1998 and 1997 are set forth in the following table:

	Second Quarter	Six Months

(Dollars in millions)	Ended June 30 1998	1997	Ended June 30 1998	1997
Interest and other financial income	$13	$1	$18	$(2)
Interest and other financial costs	(62)	(69)	(121)	(136)
Net interest and other financial costs	$(49)	$(68)	$(103)	$(138)

The decreases in the second quarter and first six months of 1998 were mainly due to increased interest income and capitalized interest on upstream projects.

Net income for second quarter 1998 was $162 million compared to $118 million in the prior-year period. On a pro forma basis, giving effect to the assumed acquisition of Ashland's RM&T net assets on January 1, 1997, second quarter 1997 net income was $132 million. Net income for the first six months of 1998 was $345 million compared to $226 million in the prior-year period and $234 million on a pro forma basis. For additional information, see Note 6 to the Marathon Group Financial Statements.

Cash Flows

Net cash provided from operating activities was $808 million in the first six months of 1998, compared with $508 million in the first six months of 1997. The $300 million increase mainly reflected favorable working capital changes and an increase in net income (excluding the IMV reserve adjustment and other noncash items), partially offset by distributions by MAP to Ashland. The favorable working capital effect reflects a temporary change in excise tax payment patterns.

Capital expenditures in the first six months of 1998 totaled $550 million, compared with $389 million in the comparable 1997 period. Although capital expenditures in 1998 include 100 percent of MAP, the increase in 1998, was primarily for upstream projects.

The deposits of restricted cash were $383 million in the first six months of 1998 compared to withdrawals of $94 million in the comparable 1997 period. The 1998 amount primarily represents the proceeds from a Cdn$550 million short-term loan agreement Marathon entered into in anticipation of the Tarragon Oil and Gas Limited ("Tarragon") acquisition. At June 30, 1998, the proceeds from this loan (U.S. $379 million) were restricted for acquisition funding purposes and invested in short-term instruments. The 1997 amount represents cash withdrawn from an interest-bearing escrow account that was established in the fourth quarter of 1996 in connection with the 1996 disposal of oil production properties in Alaska.

On August 10, 1998, USX borrowed $1,000 million against its $2,350 million long-term revolving credit agreement primarily for the funding of the Tarragon acquisition. A portion of these funds was used to repay the Cdn$550 million (U.S. $379 million) loan discussed above.

Net investments in equity affiliates were $3 million in the first six months of 1998, compared with $137 million in the comparable 1997 period. Net investments in 1998 were reduced by $59 million as a result of repayments by Sakhalin Energy Investment Company, Ltd. of advances made by Marathon in conjunction with the Sakhalin II project in Russia. The 1997 amount included investments in the Nautilus natural gas pipeline system in the Gulf of Mexico and the purchase of a 50% interest in an Ecuadorian power generation company.

Contract commitments for property, plant and equipment acquisitions and long-term investments at June 30, 1998, totaled $666 million compared with $377 million at December 31, 1997.

Financial obligations increased by $671 million in the first six months of 1998. For further details, see USX Consolidated Management's Discussion and Analysis of Financial Condition and Results of Operations. Financial

obligations 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.

Dividends paid in the first six months of 1998 increased by $13 million from the first six months of 1997 reflecting the two-cents-per-share increase in the quarterly USX-Marathon Group Common Stock dividend rate. This increase was initially declared in January 1998.

Liquidity

For discussion of USX's liquidity and capital resources, see USX Consolidated Management's Discussion and Analysis of Financial Condition and Results of Operations.

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 or the marine transportation of crude oil and refined products.

USX has been notified that it is a potentially responsible party ("PRP") at 16 waste sites related to the Marathon Group under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") as of June 30, 1998. In addition, there are eight 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 90 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 which has retained liability for all costs associated with remediation.

At many 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.

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 9 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 discussion of Liquidity in USX Consolidated Management's Discussion and Analysis of Financial Condition and Results of Operations.

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 driven by unpredictable changes in supply and demand resulting from fluctuations in economic activity and political developments in the world's major oil and gas producing areas, including OPEC member countries. During second quarter 1998, liquid hydrocarbon prices declined significantly from first quarter 1998 and second quarter 1997 prices. This decline had an adverse effect on the Marathon Group's upstream results in second quarter 1998. Upstream results will continue to be adversely effected if liquid hydrocarbon prices stay at their current levels or decline further. A prolonged decline in liquid hydrocarbon and natural gas 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.

On June 20, 1998, Marathon entered into an agreement to acquire Tarragon Oil and Gas Limited ("Tarragon"), a Canadian oil and gas exploration and production company. Following approvals on August 11, 1998, by the Tarragon shareholders and the Ontario Court, the transaction was completed. The total purchase price of the acquisition, including assumed debt, was approximately $1.1 billion. USX will account for the acquisition using the purchase method of accounting.

Payments to Tarragon shareholders receiving Cdn$14.25 cash per share were approximately Cdn$814 million (U.S. $535 million), which was funded from proceeds drawn from the Cdn$550 million loan and USX's revolving credit facility. Tarragon shareholders representing approximately 3.1 million shares elected to receive exchangeable shares of Marathon Oil Canada Limited, an indirect Canadian subsidiary of Marathon. Approximately 878 thousand exchangeable shares will be issued to these shareholders. These shares are exchangeable on a one-for-one basis for shares of Marathon Stock. Tarragon shareholders holding approximately 14.5 million shares exercised dissenter rights and are entitled to be paid the fair value for their shares in cash in accordance with applicable Canadian law.

At the time of closing the transaction, Tarragon had approximately $346 million of debt outstanding. USX anticipates refinancing some or all, of this debt through its revolving credit facility. USX is presently studying available alternatives for permanently financing the Tarragon acquisition, including the refinancing of the assumed debt. USX has not made a decision regarding long term financing at this time. Available refinancing options include all possible combinations of debt and equity.

The Marathon Group's current estimate of 1998 worldwide liquid hydrocarbon production is approximately 209,000 barrels per day ("bpd"). Natural gas volumes are expected to be approximately 1.3 billion cubic feet per day ("bcfpd"). These estimates are above previous estimates, primarily due to the Tarragon acquisition. In 1999, the Marathon Group estimates liquid hydrocarbon production to be approximately 245,000 bpd and natural gas volumes to be approximately 1.4 bcfpd. The 1999 estimates include the effects of the Tarragon acquisition.

On May 25, 1998, production from the Ewing Bank 963 Arnold project in the Gulf of Mexico began and is currently producing at gross daily rates of 23,000 barrels of oil and 16 million cubic feet of natural gas. Recoverable reserves are estimated to be 25 million gross barrels of oil equivalent. Marathon has a 62.5 percent working interest.

In June 1998, Marathon announced an oil discovery on the East Orovinyare prospect, four miles offshore Gabon, West Africa. The East Orovinyare No. 1 wildcat well encountered an oil column in excess of 400 feet. The first appraisal well, East Orovinyare No. 2, was drilled and tested at a combined daily flow rate of 2,460 barrels of oil. This discovery is located

approximately 40 miles north of Marathon's Tchatamba Marin production facilities. Marathon currently has a 75 percent working interest in this discovery. The Gabonese government has the option to obtain a 25 percent interest in the entire project, which would reduce Marathon's working interest in this discovery to 56.25 percent.

The above discussion includes forward-looking statements with respect to projected liquid hydrocarbon production levels and natural gas sales for 1998 and 1999. These statements are based on a number of assumptions, including (among others) prices, amount of capital available for exploration and development, supply and demand, regulatory constraints, reserve estimates, production decline rates of mature fields, timing of commencing production from new wells, timing and results of future development drilling, reserve replacement rates, and other geological and operating considerations. In addition, development of new production properties in countries outside the United States may require protracted negotiations with host governments and is frequently subject to political considerations, such as tax regulations, which could adversely affect the economics of projects. To the extent these assumptions prove inaccurate and/or negotiations and other considerations are not satisfactorily resolved, actual results could be materially different than present expectations.

Downstream income of the Marathon Group is largely dependent upon the margin between the cost of crude oil and other feedstocks refined and the selling prices of refined products. Refined product margins have been historically volatile and vary with the level of economic activity in the various marketing areas, the regulatory climate and the available supply of crude oil and refined products. During second quarter 1998, refined product margins were strong; however, margins could weaken in future periods due to the factors discussed above.

The integration process at MAP continues and management anticipates MAP will exceed its goal of deriving efficiencies of $200 million annually on a pretax basis. While part of these efficiencies, approximately $80 million, are expected to be achieved in 1998, full realization of efficiencies should occur over the next few years as MAP's integration plans are implemented. The current focus is on actively integrating the logistical, retail marketing, wholesale marketing and refining operations, as well as administrative functions, that Marathon and Ashland transferred to MAP. In July, MAP announced plans to locate the corporate headquarters of Speedway SuperAmerica LLC to existing facilities in Enon, Ohio.

The above discussion includes forward-looking statements with respect to the amount and timing of efficiencies to be realized by MAP. Some factors that could potentially cause actual results to differ materially from present expectations include unanticipated costs to implement shared technology, difficulties in integrating corporate structures, delays in leveraging volume procurement advantages or delays in personnel rationalization.

Following an internal review, MAP implemented a maintenance and safety improvement program in second quarter 1998 at the Catlettsburg (KY), Canton, (OH), and St. Paul Park (MN) refineries. This program, which will be substantially completed by the end of 1998, will result in the scheduled shutdown of certain production units at various times. MAP does not expect product shortages as a result of this downtime. The costs of the program, as well as the effects of reduced production levels, will have a negative impact on MAP profitability during the remainder of 1998; however, such effects are not expected to be material to the Marathon Group.

The above discussion includes forward-looking statements with respect to maintenance and safety programs. These statements are based on a number of assumptions, including (among others) the time required to complete the programs, costs and downtime related to these activities, and the effect of reduced production on profitability. To the extent these assumptions prove inaccurate, actual results could be materially different than present expectations.

Year 2000

The Marathon Group continues to identify, analyze, modify, and/or replace systems, equipment, and other devices that utilize date/time oriented software or computer chips to determine readiness with Year 2000 transition requirements. Critical systems, mainframe and non-mainframe, have been identified and are being scheduled for testing. Testing of mainframe systems began in April 1998 and testing on these systems is progressing well. Remediation of internally developed systems are being handled in-house and the modifications are progressing on schedule with the goal to be ready by the end of 1998. The replacement of the Downstream billing system will be completed by the second quarter 1999.

The Marathon Group includes Year 2000 provisions in its contractual agreements. In additon, letters have been sent to critical suppliers of materials, services and third party software and their responses are being evaluated. Those suppliers not responding or not ready are being contacted to determine their ability to be a supplier for the Marathon Group in the Year 2000 and beyond.

Each business unit is responsible for preparing a contingency plan and each business unit is in some phase of developing one. All business units will have a well defined contingency plan by the end of August 1999. The plans will then be consolidated at the corporate level.

To date, significant internal resources have been used for the Year 2000 effort. These resources are being supplemented with outside consultants and contractors, as business priorities and conditions warrant.

The incremental costs associated with these efforts have not been material, and, in management's opinion, future incremental costs associated with Year 2000 readiness are not expected to be material to the operating results of the Marathon Group. However, Marathon has limited control over corrective actions by proprietary software vendors and other entities with which it interacts. To the extent that these entities are unable to satisfactorily resolve their readiness problems, the operating results of the Marathon Group could be adversely affected.

This discussion includes forward-looking statements of the Marathon Group's efforts and management's expectations relating to Year 2000 readiness. The Marathon Group's ability to achieve Year 2000 readiness and the level of incremental costs associated therewith, could be adversely impacted by, among other things, the availability and cost of programming and testing resources, vendors' ability to install or modify proprietary hardware and software and unanticipated problems identified in the ongoing Year 2000 readiness review.

Accounting Standards

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" which introduces a "management approach" for identifying reportable industry segments of an enterprise. USX plans to adopt the standard, effective with its 1998 annual financial statements.

In February 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits". USX plans to adopt the standard, effective with its 1998 annual financial statements.

In March 1998, the American Institute of Certified Public Accountants issued Statement of Position No. 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use" ("SOP 98-1"). SOP 98-1 provides guidelines for companies to capitalize or expense costs incurred to develop or obtain internal-use software. USX will adopt SOP 98-1 effective January 1, 1999. The incremental impact on results of operations of adoption of SOP 98-1 has not been determined, although it is likely that it will be initially favorable since certain qualifying costs will be capitalized and amortized over future periods.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities". This new standard requires recognition of all derivatives as either assets or liabilities at fair value. This new standard may result in additional volatility within Stockholders' Equity as a result of recording unrecognized gains and losses within Other Comprehensive Income. USX may also have to recognize gains or losses from hedging activities in its results of operations in periods different than would be the case under existing guidance. Based upon the hedging strategies currently used by USX and the level of activity related to commodity-based derivative instruments in recent periods, USX does not anticipate the effect of adoption to have a material impact on either financial position or results of operations of the Marathon Group. USX plans to adopt the standard effective January 1, 2000, as required.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of June 30, 1998, the discussion of the Marathon Group's commodity price risk, interest rate risk, foreign currency exchange rate risk and equity price risk has not changed materially from that presented in Quantitative and Qualitative Disclosures About Market Risk included in the USX 1997 Form 10-K. For additional discussion on market risk for USX, see Quantitative and Qualitative Disclosures About Market Risk for the Marathon Group in the USX 1997 Form 10-K.

MARATHON GROUP OF USX CORPORATION SUPPLEMENTAL STATISTICS

	Second Quarter Ended June 30		Six Months Ended June 30	
(Dollars in millions)	1998	1997(a)	1998	1997(a)
INCOME (LOSS) FROM OPERATIONS (b)				
Exploration & Production				
Domestic	$41	$106	$115	$289
International	32	75	82	179
Refining, Marketing & Transportation(c)	397	165	525	244
Other Energy Related Businesses(d)	3	9	17	31
Administrative	(21)	(48)	(59)	(87)
	$452	$307	$680	$656
Int'l. Impairment & Domestic Contract Settlement	0	0	(76)	0
Gain on Ownership Chg. & Transition Charges-MAP	(2)	0	223	0
Inventory Market Val. Res. Adjustment	3	(64)	28	(178)
Total Marathon Group	$453	$243	$855	$478
CAPITAL EXPENDITURES (c)	$331	$271	$550	$389
INVEST. IN(RETURNS FROM) EQUITY AFFILIATES-NET	(22)	80	3	137

OPERATING STATISTICS

Net Liquid Hydrocarbon Production (e):				
Domestic	137.9	113.3	131.9	114.0
International (Liftings)	59.4	50.9	52.8	52.2
Worldwide	197.3	164.2	184.7	166.2
Net Natural Gas Production (f):				
Domestic	723.2	694.2	735.6	726.2
International - Equity	391.0	401.6	415.7	469.0
International - Other (g)	24.5	25.9	25.2	31.8
Total Consolidated	1138.7	1121.7	1176.5	1227.0
Equity Affiliate	36.6	39.4	39.6	47.1
Worldwide	1175.3	1161.1	1216.1	1274.1
Average Equity Sales Prices (h):				
Liquid Hydrocarbons (per Bbl)				
Domestic	$9.97	$16.10	$10.98	$17.69
International	12.85	17.11	13.24	19.25
Natural Gas (per Mcf)				
Domestic	$1.87	$1.98	$1.89	$2.27
International	2.05	1.90	2.11	2.05
Natural Gas Sales (f) (i):				
Domestic	1067.9	1123.8	1149.6	1184.3
International	415.5	427.5	440.9	500.8
Total Consolidated	1483.4	1551.3	1590.5	1685.1
Equity Affiliate	36.6	39.4	39.6	47.1
Worldwide	1520.0	1590.7	1630.1	1732.2
Crude Oil Refined (e) (c)	923.2	499.9	914.3	488.0
Refined Products Sold (e) (c)	1178.9	758.2	1160.8	741.2
Matching buy/sell volumes included in refined products sold (e) (c)	32.1	45.9	39.8	54.8

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<FN>

(a) Certain 1997 amounts have been reclassified to conform to 1998 classifications

(b) Income from operations for operating components includes operating income previously reported, plus dividend and affiliate income and other income.

(c) In 1998, income from operations, capital expenditures, refined products sold, crude oil refined and matching buy/sell volumes include 100 percent of MAP and are not comparable to prior periods. For further discussion of MAP, see Note 6 to the Marathon Group Financial Statements.

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

(e) Thousands of barrels per day

(f) Millions of cubic feet per day

(g) Represents gas acquired for injection and subsequent resale

(h) Prices exclude gains and losses from hedging activities

(i) Represents equity, royalty and resale volumes

MARATHON GROUP OF USX CORPORATION
SUPPLEMENTAL STATISTICS

The following unaudited pro forma data include the results of operations for the Ashland RM&T net assets acquired by Marathon, giving effect to the acquisition as if it had been consummated on January 1, 1997. The pro forma data is based on historical information and does not necessarily reflect the actual results that would have occurred nor is it necessarily indicative of future results of operations. Pro forma data include reduced depreciation charges as a result of purchase accounting and other pro forma adjustments. The pro forma data do not include any of the potential efficiencies expected to be derived by MAP. See Note 6 to the Marathon Group financial statements for additional pro forma information.

(Dollars in millions)	Quarter Ended June 30 1997 Pro Forma	Six Months Ended June 30 1997 Pro Forma
Marathon Group - Revenues (c)	$5,630	$11,685
Marathon Group - Income from operations (a)	431	794
RM&T - Income from operations (a) (b)	284	371
Thousands of barrels per day		
Crude Oil refined	856.0	828.3
Refined products sold	1,182.4	1,145.5
Matching buy/sell volumes included in refined products sold	69.2	78.7

<FN>

(a) Excludes the pro forma IMV reserve adjustment

(b) Includes income from operations from RM&T assets transferred to MAP by Marathon and Ashland, purchase accounting effects and other pro forma adjustments and reclassifications

(c) Includes matching buy/sell transactions and excise taxes

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)	Second Quarter Ended June 30 1998	1997	Six Months Ended June 30 1998	1997
REVENUES:				
Sales	$1,689	$1,715	$3,359	$3,334
Income from affiliates	28	16	43	27
Gain on disposal of assets	17	6	28	7
Other income (loss)	(1)	-	(1)	-
Total revenues	1,733	1,737	3,429	3,368
COSTS AND EXPENSES:				
Cost of sales (excludes items shown below)	1,436	1,438	2,891	2,842
Selling, general and administrative expenses (credits)	(53)	(33)	(99)	(70)
Depreciation, depletion and amortization	72	79	149	153
Taxes other than income taxes	61	60	109	119
Total costs and expenses	1,516	1,544	3,050	3,044
INCOME FROM OPERATIONS	217	193	379	324
Net interest and other financial costs	22	37	50	48
INCOME BEFORE INCOME TAXES	195	156	329	276
Provision for estimated income taxes	59	59	106	92
NET INCOME	136	97	223	184
Noncash credit from exchange of preferred stock	-	10	-	10
Dividends on preferred stock	(3)	(2)	(5)	(8)
NET INCOME APPLICABLE TO STEEL STOCK	$133	$105	$218	$186
STEEL STOCK DATA:				
Net income per share				
- Basic	$1.53	$1.23	$2.51	$2.19

- Diluted	1.46	1.06	2.41	1.99
Dividends paid per share	.25	.25	.50	.50
Weighted average shares, in thousands				
- Basic	86,953	85,614	86,777	85,307
- Diluted	94,507	93,983	94,314	94,284

<FN>
Selected notes to financial statements appear on pages 53-56.

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

(Dollars in millions)	June 30 1998	December 31 1997
ASSETS		
Current assets:		
Cash and cash equivalents	$16	$18
Receivables, less allowance for doubtful accounts of $5 and $13	483	588
Inventories	738	705
Deferred income tax benefits	219	220
Other current assets	1	-
Total current assets	1,457	1,531
Investments and long-term receivables, less reserves of $15 and $15	758	670
Property, plant and equipment, less accumulated depreciation, depletion and amortization of $5,837 and $5,799	2,468	2,496
Prepaid pensions	2,070	1,957
Other noncurrent assets	31	40
Total assets	$6,784	$6,694
LIABILITIES		
Current liabilities:		
Notes payable	$-	$13
Accounts payable	634	687
Payroll and benefits payable	353	379
Accrued taxes	159	190
Accrued interest	10	11
Long-term debt due within one year	45	54
Total current liabilities	1,201	1,334
Long-term debt, less unamortized discount	432	456
Employee benefits	2,331	2,338
Deferred credits and other liabilities	589	536
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	182	182
STOCKHOLDERS' EQUITY		
Preferred stock	3	3
Common stockholders' equity	1,980	1,779
Total stockholders' equity	1,983	1,782
Total liabilities and stockholders' equity	$6,784	$6,694

<FN>
Selected notes to financial statements appear on pages 53-56.

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

(Dollars in millions)	Six Months Ended June 30 1998	1997
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
OPERATING ACTIVITIES:		
Net income	$223	$184
Adjustments to reconcile to net cash provided from operating activities:		
Depreciation, depletion and amortization	149	153
Pensions	(105)	(82)
Postretirement benefits other than pensions	(2)	(1)
Deferred income taxes	89	24
Gain on disposal of assets	(28)	(7)
Changes in:		
Current receivables	94	89
Inventories	(33)	(58)
Current accounts payable and accrued expenses	(116)	28
All other - net	(29)	(36)
Net cash provided from operating activities	242	294
INVESTING ACTIVITIES:		
Capital expenditures	(136)	(117)
Disposal of assets	15	374
Investments in equity affiliates - net	(63)	(15)
All other - net	13	8
Net cash provided from (used in) investing activities	(171)	250
FINANCING ACTIVITIES:		
Decrease in U. S. Steel Group's portion of USX consolidated debt	(47)	(517)
Specifically attributed debt repayments	(3)	(6)
Steel Stock issued	25	21
Dividends paid	(48)	(49)
Net cash used in financing activities	(73)	(551)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2)	(7)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	18	23
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$16	$16
Cash used in operating activities included:		
Interest and other financial costs paid (net of amount capitalized)	$(39)	$(59)
Income taxes paid, including settlements with other groups	(14)	(45)

<FN>
Selected notes to financial statements appear on pages 53-56.

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. Additional information is contained in the USX Annual Report on Form 10-K for the year ended December 31, 1997.

2. Effective January 1, 1998, USX adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (SFAS No. 130). This statement establishes standards for reporting and display of comprehensive income and its components in the financial statements. Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events from nonowner sources. It includes all changes in equity during a period except those resulting from investments by and distributions to owners. The U. S. Steel Group's total comprehensive income for the second quarter and six months of 1998 was $134 million and $221 million, respectively. Total comprehensive income for the same 1997 periods was $97 million and $183 million, respectively.

Effective January 1, 1997, USX adopted American Institute of Certified Public Accountants Statement of Position No. 96-1, "Environmental Remediation Liabilities" (SOP 96-1), which provides additional interpretation of existing accounting standards related to recognition, measurement and disclosure of environmental remediation liabilities. As a result of adopting SOP 96-1, the U. S. Steel Group identified additional environmental remediation liabilities of $35 million, of which $28 million was discounted to a present value of $13 million and $7 million was not discounted. Assumptions used in the calculation of the present value amount included an inflation factor of 2% and an interest rate of 7% over a range of 22 to 30 years. The net unfavorable effect of adoption on income from operations at January 1, 1997, was $20 million.

3. 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.

3. (Continued)

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 among 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.

4. The method of calculating net income per share for the Steel Stock, Marathon Stock and, prior to November 1, 1997, Delhi Stock reflects the Board's intent that the separately reported earnings and surplus of the U. S. Steel Group, the Marathon Group and the Delhi Group, as determined consistent with the USX 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 calculated by adjusting net income for dividend requirements of preferred stock and, in 1997, the noncash credit on exchange of preferred stock and is based on the weighted average number of common shares outstanding.

Diluted net income per share assumes conversion of convertible securities for the applicable periods outstanding and assumes exercise of stock options, provided in each case, the effect is not antidilutive.

See Note 5, of the Notes to USX Consolidated Financial Statements for the computation of income per common share.

5. Income from operations includes net periodic pension credits of $102 million and $74 million in the first six months of 1998 and 1997, respectively, ($51 million and $36 million in the second quarter of 1998 and 1997, respectively). These pension credits are primarily noncash and for the most part are included in selling, general and administrative expenses.

6. The financial statement provision for estimated income taxes and related tax payments or refunds have been reflected in the U. S. Steel Group, the Marathon Group and, prior to November 1, 1997, the Delhi 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 among the U. S. Steel Group, the Marathon Group and, prior to November 1, 1997, the Delhi 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, Marathon and Delhi Groups and USX consolidated are allocated to each group based on the relationship of the individual group provisions to the combined interim provisions.

The second quarter and six months 1998 provision for estimated income taxes was decreased by a $9 million foreign tax adjustment as a result of a favorable resolution of foreign tax litigation.

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)	
	June 30 1998	December 31 1997
Raw materials	$135	$130
Semi-finished products	332	331
Finished products	219	187
Supplies and sundry items	52	57
Total	$738	$705

8. The U. S. Steel Group participates in an agreement (the program) to sell an undivided interest in certain accounts receivable. Payments are collected from the sold accounts receivable; the collections are reinvested in new accounts receivable for the buyers; and a yield, based on defined short-term market rates, is transferred to the buyers. At June 30, 1998, the amount sold under the program that had not been collected was $350 million, which will be

8. (Continued)

forwarded to the buyers at the end of the agreement, or in the event of earlier contract termination. If the U. S. Steel Group does not have a sufficient quantity of eligible accounts receivable to reinvest in for the buyers, the size of the program will be reduced accordingly. The buyers have rights to a pool of receivables that must be maintained at a level of at least 115% of the program size. In the event of a change in control of USX, as defined in the agreement, the U. S. Steel Group may be required to forward payments collected on sold accounts receivable to the buyers.

9. 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 June 30, 1998, and December 31, 1997, accrued liabilities for remediation totaled $107 million and $106 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 first six months of 1998 and for the years 1997 and 1996, such capital expenditures totaled $25 million, $43 million and $90 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 $63 million at June 30, 1998. 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 June 30, 1998, the largest guarantee for a single affiliate was $35 million.

The U. S. Steel Group's contract commitments to acquire property, plant and equipment at June 30, 1998, totaled $222 million compared with $156 million at December 31, 1997.

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 primarily engaged in the production and sale of steel mill products, coke and taconite pellets. The U. S. Steel Group also includes the management of mineral resources, domestic coal mining and engineering and consulting services (together with U. S. Steel, the "Steel & Related Businesses"). Steel & Related - Equity Affiliates includes Transtar Inc. and joint ventures such as USS/Kobe Steel Company ("USS/Kobe"), USS-POSCO Industries ("USS-POSCO") and PRO-TEC Coating Company ("PRO-TEC"). Other businesses that are part of the U. S. Steel Group include real estate development and management, and leasing and financing activities. Management's Discussion and Analysis should be read in conjunction with the second quarter and first six months of 1998 USX consolidated financial information and the U. S. Steel Group Financial Statements and selected notes. The discussion of Results of Operations should be read in conjunction with the Supplemental Statistics provided on page 66.

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 Statements in USX's 1997 Form 10-K.

Results of Operations

Revenues for the second quarter and first six months of 1998 and 1997 are set forth in the following table:

(Dollars in millions)	Second Quarter Ended June 30 1998	Second Quarter Ended June 30 1997	Six Months Ended June 30 1998	Six Months Ended June 30 1997
Steel & Related Businesses	$1,672	$1,699	$3,341	$3,307
Steel & Related - Equity Affiliates	18	12	29	21
Subtotal - Steel & Related	1,690	1,711	3,370	3,328
Administrative & Other Businesses	43	26	59	40
Total Revenues (a)	$1,733	$1,737	$3,429	$3,368

<FN>

(a) Consists of sales, affiliate income, net gains on disposal of assets and other income. Amounts for 1997 were reclassified in 1998 to include affiliate income and other income.

Total revenues decreased $4 million in the second quarter of 1998 compared with the second quarter of 1997. Total revenues increased $61 million in the

first six months of 1998 compared with the same period in 1997.

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

Income from operations (IFO) and certain items included in income from operations for the second quarter and first six months of 1998 and 1997 are set forth in the following table:

(Dollars in millions)	Second Quarter Ended June 30		Six Months Ended June 30	
	1998	1997	1998	1997
Total income from operations (a)	$217	$193	$379	$324
Less: certain favorable (unfavorable) items for				
Insurance litigation settlement No. 8 blast furnace (net of related charges and reserves)(b)	30	-	30	-
Partial insurance settlement related to the 1996 hearth breakout at the Gary Works No. 13 blast furnace	-	-	-	15
Effect of adoption of SOP 96-1 (c)	-	-	-	(20)
Other environmental accrual adjustments - net	-	-	-	11
Subtotal	30	-	30	6
IFO adjusted to exclude above items	$187	$193	$349	$318

- -----
<FN>

(a) Consists of operating income, affiliate income, net gains on disposal of assets and other income. Amounts for 1997 were reclassified in 1998 to include affiliate income and other income.

(b) Settlement of litigation against the company's property insurers to recover losses related to a 1995 explosion at the Gary Works No. 8 blast furnace.

(c) American Institute of Certified Public Accountants Statement of Position No. 96-1, "Environmental Remediation Liabilities" ("SOP 96-1") provides additional guidance on recognition, measurement and disclosure of remediation liabilities. For additional information, see Note 2 to the U. S. Steel Group Financial Statements.

Adjusted income from operations for the U. S. Steel Group decreased $6 million in the second quarter of 1998 compared with the second quarter of 1997. The decrease was primarily due to lower results from Steel and Related Businesses, partially offset by higher results from Administrative and Other Businesses. Adjusted income from operations for the first six months of 1998 increased $31 million compared with the first six months of 1997, primarily due to higher results from Administrative and Other Businesses, partially offset by lower results from Steel and Related Businesses.

(Dollars in millions)	Second Quarter Ended June 30		Six Months Ended June 30	
	1998	1997	1998	1997
Steel & Related Businesses	$114	$127	$203	$214
Steel & Related - Equity Affiliates	18	12	29	21
Subtotal - Steel & Related	132	139	232	235
Administrative & Other Businesses	85	54	147	89
Total income from operations	$217	$193	$379	$324

Income from operations for Steel & Related Businesses decreased $13 million in the second quarter of 1998 compared with the second quarter of 1997. Results in the second quarter 1998 included a favorable $30 million (net of charges and reserves) insurance litigation settlement pertaining to the 1995 Gary (Ind.) Works No. 8 blast furnace explosion. Excluding the settlement, income from operations for the second quarter 1998 decreased $43 million from the same period in 1997. The decrease was primarily due to the cost effects of the planned reline at Gary Works No. 6 blast furnace which began in mid-May and the 10 day outage at Gary Works No. 13 blast furnace following a tap hole failure, lower average steel prices and lower steel shipments. Income from operations for Steel & Related Businesses decreased $11 million in the first six months of 1998 compared with the same period in 1997. Results in the first six months of 1998 included $30 million in insurance litigation settlements (discussed above). Results in the first six months of 1997 included a favorable $15 million partial insurance settlement related to a 1996 hearth breakout at Gary Works No. 13 blast furnace. Excluding these favorable items, income from operations for the first six months of 1998 decreased $26 million from the same period in 1997. The decrease was primarily due to lower average steel prices, the cost effects of the Gary Works blast furnace outages, and lower steel shipments. The sharp increase in steel imports and the General Motors strike contributed to lower average steel prices and reduced shipments in the second quarter and first six months of 1998.

Income from operations for Steel and Related - Equity Affiliates increased $6 and $8 million in the second quarter and first six months of 1998, respectively, compared with the same periods in 1997. These increases were mainly due to higher income generated by USS/Kobe and income from VSZ U. S. Steel s. r.o. (for additional information on VSZ U. S. Steel, see "Net cash used in investments in equity affiliates" on page 61), partially offset by lower income from USS-POSCO and PRO-TEC.

Administrative and Other Businesses includes the portion of pension credits, postretirement benefit costs and certain other expenses principally attributable to the former businesses of the U. S. Steel Group as well as USX corporate general and administrative costs allocated to the U. S. Steel Group. Income from operations for Administrative and Other Businesses increased $31 million and $58 million in the second quarter and first six months of 1998, respectively, compared with the same periods in 1997. Income from operations for Administrative and Other Businesses for the first six months of 1997 included net charges of $9 million related to environmental accruals and the adoption of SOP 96-1. Excluding these charges, income from operations for the first six months of 1998 increased $49 million from the same period in 1997 primarily due to higher pension credits, higher equity income from RMI Titanium Company primarily due to a one-time tax adjustment and higher income from USX Realty Development, partially offset by lower income from USX Credit.

The pension credits referred to in Administrative and Other Businesses, combined with pension costs for ongoing operating units of the U. S. Steel Group, resulted in net pension credits (which are primarily noncash) of $102 million and $74 million in the first six months of 1998 and 1997, respectively. To the extent that these credits decline in the future, income from operations would be adversely affected.

Net interest and other financial costs for the second quarter and first six months of 1998 and 1997 are set forth in the following table:

	Second Quarter Ended	Six Months Ended

(Dollars in millions)	June 30 1998	1997	June 30 1998	1997
Interest and other financial income	$2	$-	$4	$1
Interest and other financial costs	(24)	(37)	(54)	(49)
Net interest and other financial costs	(22)	(37)	(50)	(48)
Less:				
Favorable (unfavorable) adjustments to carrying value of indexed debt (a)	-	(10)	(4)	6
Net interest and other financial costs adjusted to exclude above item	$(22)	$(27)	$(46)	$(54)

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<FN>

(a) In December 1996, USX issued $117 million of 6-3/4% Exchangeable Notes Due February 1, 2000, ("indexed debt") indexed to the price of RMI Titanium Company ("RMI") common stock. At maturity, USX must exchange these notes for shares of RMI common stock, or redeem the notes for the equivalent amount of cash. The carrying value of indexed debt is adjusted quarterly to settlement value, based on changes in the value of RMI common stock. Any resulting adjustment is charged or credited to income and included in interest and other financial costs. USX's 27% interest in RMI continues to be accounted for under the equity method.

Adjusted net interest and other financial costs decreased by $5 million and $8 million in the second quarter and first six months of 1998, respectively, as compared with the same period in 1997, due primarily to lower average debt levels in the U. S. Steel Group.

The provision for estimated income taxes in the second quarter and first six months of 1998 included a $9 million favorable foreign tax adjustment as a result of a favorable resolution of foreign tax litigation. The provision for estimated income taxes for the second quarter 1997 included the six month effect of a reduction in estimated tax credits for 1997.

Net income increased $39 million in both the second quarter and first six months of 1998, as compared with the same periods in 1997.

Noncash credit from exchange of preferred stock totaled $10 million in the second quarter and first six months of 1997. On May 16, 1997, USX exchanged approximately 3.9 million 6.75% Convertible Quarterly Income Preferred Securities ("Trust Preferred Securities") of USX Capital Trust I, for an equivalent number of shares of its outstanding 6.50% Cumulative Convertible Preferred Stock ("6.50% Preferred Stock"). The noncash credit from exchange of preferred stock represents the difference between the carrying value of the 6.50% Preferred Stock ($192 million) and the fair value of the Trust Preferred Securities of USX Capital Trust I ($182 million), at the date of the exchange.

Operating Statistics

Second quarter 1998 steel shipments of 2.9 million tons and raw steel production of 2.9 million tons decreased 3% and 8%, respectively, from the same period in 1997. First six months of 1998 steel shipments of 5.8 million tons and raw steel production of 6.0 million tons decreased 0.3% and 3%, respectively, from the same period in 1997. Raw steel capability utilization in the second quarter and first six months of 1998 averaged 90.9% and 95.2%, respectively, compared to 99.4% and 98.3% in the same period in 1997. Production and raw steel capability utilization in the second quarter and first six months of 1998 were negatively affected by the planned and unplanned blast furnace outages at Gary Works.

Cash Flows

Net cash provided from operating activities in the first six months of 1998 was $242 million, compared with $294 million in the same period in 1997. The first six months of 1998 included proceeds of $38 million for the insurance litigation settlement pertaining to the 1995 Gary Works No. 8 blast furnace explosion. The first six months of 1997 included proceeds of $15 million for the partial insurance recovery pertaining to the Gary Works No. 13 blast furnace breakout. Excluding these items, net cash provided from operating activities decreased $75 million due to unfavorable working capital changes.

Capital expenditures in the first six months of 1998 were $136 million, compared with $117 million in the same period in 1997. Contract commitments to acquire property, plant and equipment at June 30, 1998, totaled $222 million compared with $156 million at December 31, 1997.

Cash from the disposal of assets in 1997 included proceeds of $361 million from U. S. Steel's entry into a strategic partnership with two limited partners to acquire an interest in three coke batteries at its Clairton Works.

Net cash used in investments in equity affiliates of $63 million mainly reflects funding for entry into a joint venture in Slovakia with VSZ a.s. ("VSZ"). In February 1998, the 50-50 joint venture, doing business as VSZ U. S. Steel, s. r.o., took over ownership and commenced operation of an existing tin mill facility (VSZ's Ocel plant in Kosice) with annual production capability of 140,000 metric tons. The joint venture plans to add 200,000 annual metric tons of new tin mill production capability in the next two years.

Financial obligations decreased by $50 million in the first six months of 1998. 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.

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 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 June 30, 1998. In addition, there are 17 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 37 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 1990 a consent decree was signed by USX which, among other things, required USX to study and implement a program to remediate the sediment in a portion of the Grand Calumet River. On August 6, 1998, USX announced the signing of a new consent decree under the federal Clean Water Act. The consent decree provides for a sediment remediation project involving a five-mile stretch of the Grand Calumet River that runs through Gary Works. The program cost, which has been accrued, is approximately $30 million. The sediment remediation project is scheduled for completion by 2003. In addition, USX disclosed the completion of a series of wastewater capital projects at Gary Works costing approximately $25 million, which are necessary to comply with the new consent decree. The wastewater capital projects will improve the plant's ability to prevent releases of process materials into the river. In addition, USX also signed a consent decree with the public trustees to settle natural resource damage claims for the portion of the Grand Calumet River that runs through Gary Works. This settlement obligates USX to purchase and restore several parcels of property.

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 9 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

Shipment volumes in the third quarter for U. S. Steel Group and its domestic joint ventures are expected to be lower than the second quarter of 1998 due to the sharp increase in steel imports, selected customer inventory reduction plans, the effects of the recently settled General Motors strike, and normal seasonal demand patterns. Growing domestic production and finishing capability for flat-rolled products and continuing high levels of imports could continue to have an adverse effect on the U. S. Steel Group's product prices and shipment levels.

The U. S. Steel Group anticipates production levels and manufacturing costs will be unfavorably affected by the No. 6 blast furnace reline outage and the lingering effects of the No. 13 blast furnace tap hole failure.

Based on the continuing strong demand for plate products (plate shipments accounted for approximately 9% of U. S. Steel's total shipments), U. S. Steel Group announced a price increase that took effect in late June of 1998.

Steel imports to the United States accounted for an estimated 25%, 24% and 23% of the domestic steel market in the first five months of 1998, and for the years 1997 and 1996, respectively. During April and May of 1998, steel imports increased sharply and accounted for 27% and 30%, respectively, of the domestic steel market. The domestic steel industry has, in the past, been adversely affected by unfairly traded imports, and higher levels of imported steel may have an adverse effect on product prices, shipment levels and results of operations.

The preceding statements concerning anticipated steel demand, steel

pricing, steel production and manufacturing costs, results of operation and shipment levels are forward-looking and are based upon assumptions as to future demand, product prices and mix, and levels of steel production capability, production and shipments. These assumptions can be affected by imports, domestic and international economies, domestic production capacity, and customer demand. In the event these assumptions prove to be inaccurate, actual results may differ significantly from those presently anticipated.

Year 2000
- ---------

The U. S. Steel Group Year 2000 task force continues to pursue the implementation of its preparedness plan to mitigate the risks associated to the Year 2000. The inventory of both information technology (IT) systems (e.g. hardware, software & networking for mainframe, mid-range, PCs and other such computing platforms) and non-IT systems (e.g. process control, automation, instrumentation, embedded chip facilities and processes) is complete. The analysis of this inventory to determine the impact of the Year 2000 problem has been essentially completed for IT systems but the assessment of date functionality and embedded chip technology for non-IT systems is continuing for automation and process control systems used in the manufacturing processes. The renovation/replacement initiatives and related testing for Year 2000 readiness are roughly 70% complete for the U. S. Steel Group with IT systems well over three-quarters complete and non-IT systems approximately one-half complete. The U. S. Steel Group's objective is to achieve Year 2000 readiness by the end of 1998 except for certain IT and non-IT systems that are scheduled to be replaced with Year 2000 ready third-party vendor systems in 1999.

In conjunction with the above Year 2000 initiatives, the U. S. Steel Group is also monitoring the Year 2000 readiness efforts of entities with which it does business and is participating with steel industry and other trade associations to collect information on the readiness of such entities. Letters, with

questionnaires, are being sent to those critical entities in the supply chain with which the U. S. Steel Group does business to assess their Year 2000 readiness. It is anticipated that this will be an on-going process for the remainder of 1998 and all of 1999, and that it will include the use of survey techniques and follow-up telephone interviews and on-site assessments on the Year 2000 readiness progress for certain critical entities in the U. S. Steel Group supply chain.

As part of U. S. Steel Group's Year 2000 preparedness plan, back-up recovery and contingency requirements are being evaluated and guidelines are being established for critical IT and non-IT systems/processes in the event of unanticipated Year 2000 problems. Guidelines for verifying Year 2000 readiness are also being developed for those IT and non-IT systems/processes that are critical to the U. S. Steel Group business operations and it is expected that they will be implemented throughout 1999 along with continued integration testing of such systems/processes. To-date, the U. S. Steel Group's Year 2000 efforts have been executed primarily by internal resources. These resources are being supplemented with outside consultants and contractors, as business priorities and conditions warrant. Based on information available at this time, management believes that the incremental costs associated with achieving Year 2000 readiness will not be material to the operating results of the U. S. Steel Group.

Since certain businesses of the U. S. Steel Group develop and sell IT and non-IT systems, the Year 2000 preparedness plan and associated guidelines are also being applied and executed for such products produced by those businesses. Internal audits of U. S. Steel Group's Year 2000 preparedness plan and readiness progress are periodically performed for those businesses that sell IT and non-IT systems as well as for all other business operations of the company.

The discussion of the U. S. Steel Group's efforts, and management's expectations, relating to Year 2000 readiness, includes forward-looking statements. The U. S. Steel Group's ability to achieve Year 2000 readiness and the level of incremental costs associated therewith, could be adversely impacted

by, among other things, the availability and cost of programming and testing resources, vendors' ability to install or modify proprietary hardware and software and unanticipated problems identified in the ongoing Year 2000 readiness review. The U. S. Steel Group has limited or no control over the actions of proprietary hardware and software vendors and other entities with which it interacts. Therefore, problems experienced by these entities in becoming Year 2000 ready could adversely affect the operating results of the U. S. Steel Group.

Accounting Standard

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" which introduces a "management approach" for identifying reportable industry segments of an enterprise. USX plans to adopt the standard, effective with its 1998 annual financial statements.

In February 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits". USX plans to adopt the standard effective with its 1998 annual financial statements.

In March 1998, the American Institute of Certified Public Accountants issued its Statement of Position No. 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use" ("SOP 98-1"). SOP 98-1 provides guidelines for companies to capitalize or expense costs incurred to develop or obtain internal-use software. USX will adopt SOP 98-1 effective January 1, 1999. The incremental impact on results of operations of adoption of SOP 98-1 has not been determined, although it is likely that it will be initially favorable since certain qualifying costs will be capitalized and amortized over future periods.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities". This new standard requires recognition of all derivatives as either assets or liabilities at fair value. This new standard may result in additional volatility within Stockholders' Equity as a result of recording unrecognized gains and losses within Other Comprehensive Income. USX may also have to recognize gains or losses from hedging activities in its results of operations in periods different than would be the case under existing guidance. Based upon the hedging strategies currently used by USX and the level of activity related to commodity-based derivative instruments in recent periods, USX does not anticipate the effect of adoption to have a material impact on either financial position or results of operations for the U. S. Steel Group. USX plans to adopt the standard effective January 1, 2000, as required.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of June 30, 1998, the discussion of the U. S. Steel Group's commodity price risk, interest rate risk, foreign currency exchange rate risk and equity price risk has not changed materially from that presented in Quantitative and Qualitative Disclosures About Market Risk included in the USX 1997 Form 10-K. For additional discussion on market risk for USX, see Quantitative and Qualitative Disclosures About Market Risk for the U. S. Steel Group in the USX 1997 Form 10-K.

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

($ in Millions)

	Second Quarter Ended June 30	Six Months Ended June 30

	1998	1997(e)	1998	1997(e)
REVENUES	$1,733	$1,737	$3,429	$3,368
INCOME FROM OPERATIONS				
Steel and Related Businesses (a)	$114	$127	$203	$214
Steel and Related-Equity Affiliates	18	12	29	21
Subtotal - Steel & Related	$132	$139	$232	$235
Administrative and Other (b)	85	54	147	89
Total U. S. Steel Group	$217	$193	$379	$324
CAPITAL EXPENDITURES	$79	$67	$136	$117
OPERATING STATISTICS (Steel & Related Businesses)				
Steel Shipments (c)	2,857	2,943	5,790	5,809
Raw Steel-Production (c)	2,902	3,171	6,045	6,242
Raw Steel-Capability Utilization (d)	90.9%	99.4%	95.2%	98.3%

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<FN>

(a) Includes the production and sale of steel products, coke and taconite pellets; domestic coal mining; the management of mineral resources; and engineering and consulting services.

(b) Includes pension credits, other postretirement benefit costs and certain other expenses principally attributable to former business units of the U. S. Steel Group. Also includes results of real estate development and management, and leasing and financing activities and equity income from RMI Titanium Company.

(c) Thousands of net tons.

(d) Based on annual raw steel production capability of 12.8 million tons.
(e) Certain 1997 amounts have been reclassified to conform to 1998 classifications.

Part II - Other Information

Item 1. LEGAL PROCEEDINGS

Marathon Group

Posted Price Litigation

The Marathon Group, alone or with other energy companies, has been named in a number of lawsuits in State and Federal courts alleging various causes of action related to crude oil royalty payments based on posted prices, including underpayment of royalty interests, underpayment of severance taxes, antitrust violations, and violation of the Texas common purchaser statute. Plaintiffs in these actions include governmental entities and private entities or individuals, and some seek class action status. All of these cases are in various stages of preliminary activities. No class certification has been determined as to Marathon in any case to date.

During November 1997, Marathon and over twenty other defendants entered into a proposed class settlement agreement covering antitrust and contract claims from January 1, 1986, through September 30, 1997, excluding federal and Indian royalty claims, common purchaser claims and severance tax claims. A new settlement agreement was filed with the U. S. District Court in Texas on June 26, 1998 which replaces the November 1997 Settlement Agreement. The new settlement agreement omits from the settlement class all State entities which receive royalty payments and only covers private claimants. The

settlement agreement is pending approval by a U.S. District Court in Texas (Southern District) and is subject to a fairness hearing. If the Court approves the settlement, Marathon's payment, which is not expected to be material, should be made in the second half of 1998.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The annual meeting of stockholders was held April 28, 1998. In connection with the meeting, proxies were solicited pursuant to the Securities Exchange Act. The following are the voting results on proposals considered and voted upon at the meeting, all of which were described in the proxy statement.

1. All nominees for director listed in the proxy statement were elected.

The following is a tabulation of votes with respect to each nominee for director:

	Votes For	Votes Withheld
Victor G. Beghini	320,406,320	4,534,427
Charles R. Lee	320,413,177	4,527,570
Ray Marshall	320,207,709	4,733,038
Thomas J. Usher	320,398,182	4,542,565
Paul J. Wilhelm	320,425,323	4,515,424

2. PricewaterhouseCoopers LLP was elected as the independent accountants for 1998. (For, 323,052,262; against, 727,495; abstained, 1,160,990).

3. Approval of Amendments to the USX Corporation Senior Executive Officer Annual Incentive Compensation Plan (For, 308,995,227; against, 12,692,557; abstained, 3,252,962).

4. Approval of Amendments to the USX Corporation 1990 Stock Plan. (For, 279,793,056; against, 41,884,174; abstain, 3,263,517).

Item 5. OTHER INFORMATION

USX Corporation

Proposals of security holders intended to be presented at the 1999 annual meeting of stockholders, scheduled to be held on April 27, 1999, must be received no later than November 9, 1998 for inclusion in the proxy statement and proxy for that meeting. In addition, the By-Laws provide that only such business as is properly brought before the annual meeting will be conducted. For business to be properly brought before the meeting by a stockholder, the By-Laws require that notice be received by the Secretary at least 60, but not more than 90, days prior to the meeting and that such notice provide certain information regarding the business desired to be brought before the annual meeting and about the stockholder giving the notice.

Thomas J. Usher, chairman and chief executive officer, has undergone surgery and treatment for a melanoma on his back. He is currently working and is continuing to discharge all of his corporate responsibilities. Due to early discovery, prospects for full recovery are excellent and will be monitored through periodic checkups.

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)			
	Second Quarter Ended June 30		Six Months Ended June 30	
	1998	1997	1998	1997
INCOME DATA:				
Revenues	$5,556	$3,772	$11,045	$7,868
Income from operations	460	249	868	491
Net income	148	106	321	204

	(In millions)	
	June 30 1998	December 31 1997
BALANCE SHEET DATA:		
Assets:		
Current assets	$5,540	$3,436
Noncurrent assets	10,087	8,413
Total assets	$15,627	$11,849
Liabilities and Stockholder's Equity:		
Current liabilities	$3,357	$1,997
Noncurrent liabilities	7,930	7,569
Minority interest in consolidated subsidiary	1,737	-
Stockholder's equity	2,603	2,283
Total liabilities and stockholder's equity	$15,627	$11,849

Part II - Other Information (Continued):

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

3.1 USX Restated Certificate of Incorporation dated September 1, 1996............ Incorporated by reference to Exhibit 3.1 to the USX Report on Form 10-Q for the quarter ended March 31, 1997.

3.2 USX By-Laws, effective as of July 30, 1996................. Incorporated by reference to Exhibit 3(a) to the USX Report on Form 10-Q for the quarter ended June 30, 1996.

4.1 Amended and Restated Rights Agreement.................... Incorporated by reference

to USX's Form 8 Amendment to Form 8-A filed on October 9, 1992 (File No. 1-5153).

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 May 29, 1998, reporting under Item 5. Other Events, announcing that the Marathon Oil Company subsidiary of USX Corporation had entered into an agreement to acquire Tarragon Oil and Gas Limited for a total consideration of approximately $1.1 billion.

Form 8-K dated July 13, 1998, reporting under Item 5. Other Events, the schedule for the special meeting of Tarragon Oil and Gas Limited ("Tarragon") securityholders to vote on the approval of the acquisition of Tarragon by the Marathon Oil Company subsidiary of USX Corporation, and under Item 7. Financial Statements and Exhibits, unaudited pro forma financial statements excerpted from Tarragon's Notice of Special Meeting, Notice of Motion and Information Circular.

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/ Kenneth L. Matheny
Kenneth L. Matheny
Vice President &
Comptroller

August 13, 1998

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)

	Six Months Ended June 30		Year Ended December 31				
	1998	1997	1997	1996	1995	1994	1993
Portion of rentals representing interest	$41	$40	$82	$78	$76	$83	$81
Capitalized interest	23	10	31	11	13	58	105
Other interest and fixed charges	150	167	312	382	452	456	365
Pretax earnings which would be required to cover preferred stock dividend requirements of parent	8	13	20	36	46	49	44
Combined fixed charges and preferred stock dividends (A)	$222	$230	$445	$507	$587	$646	$595
Earnings-pretax income with applicable adjustments (B)	$1043	$826	$1745	$1837	$877	$1300	$239
Ratio of (B) to (A)	4.70	3.59	3.92	3.62	1.49	2.01	(a)

<FN>

(a) Earnings did not cover combined fixed charges and preferred stock dividends by $356 million for 1993.

Exhibit 12.2

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

(Dollars in Millions)

	Six Months Ended June 30		Year Ended December 31				
	1998	1997	1997	1996	1995	1994	1993
Portion of rentals representing interest	$41	$40	$82	$78	$76	$83	$81
Capitalized interest	23	10	31	11	13	58	105
Other interest and fixed charges	150	167	312	382	452	456	365
Total fixed charges (A)	$214	$217	$425	$471	$541	$597	$551
Earnings-pretax income with applicable adjustments (B)	$1043	$826	$1745	$1837	$877	$1300	$239
Ratio of (B) to (A)	4.87	3.81	4.11	3.90	1.62	2.18	(a)

<FN>
(a) Earnings did not cover fixed charges by $312 million for 1993.

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