UNITED STATES STEEL CORP
Form DEF 14A
March 13, 2009
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

United States Steel Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.
¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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¨ Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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United States Steel Corporation

Notice of Annual Meeting

of Stockholders and Proxy Statement

2009

Tuesday, April 28, 2009

10:00 a.m. Eastern Time

33rd Floor

U. S. Steel Tower

600 Grant Street

Pittsburgh, PA 15219

Please vote promptly either by:

- telephone,
- the Internet, or
- marking, signing and returning your proxy or voting instruction card.

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United States Steel Corporation
600 Grant Street
Pittsburgh, PA 15219-2800

John P. Surma
Chairman of the
Board of Directors
and Chief Executive Officer

March 13, 2009

Dear Fellow U. S. Steel Stockholder,

We will hold the annual meeting of stockholders of United States Steel Corporation on the 33rd floor of the U. S. Steel Tower, 600 Grant Street, Pittsburgh, Pennsylvania 15219, on Tuesday, April 28, 2009, at 10:00 a.m. Eastern Time.

We will vote on the four nominees for Class II directors recommended by the Board of Directors and identified in the Corporation s proxy statement. You can read about them, and about the other directors who will continue in office, on pages 17-22 of our proxy statement. We will also vote on the appointment of PricewaterhouseCoopers LLP as the Corporation s independent registered public accounting firm for 2009.

We hope you will vote either by telephone, over the Internet or by marking, signing and returning your proxy or voting instruction card as soon as possible, whether or not you plan to attend the meeting.

Sincerely,

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Notice of Annual Meeting of Stockholders

on April 28, 2009

We will hold our 2009 annual meeting of stockholders on the 33rd floor of the U. S. Steel Tower, 600 Grant Street, Pittsburgh, Pennsylvania 15219 on Tuesday, April 28, 2009, at 10:00 a.m. Eastern Time, in order to:

- vote on the four nominees for Class II directors recommended by the Board of Directors and identified in the Corporation s proxy statement,
- vote on the appointment of PricewaterhouseCoopers LLP as the Corporation s independent registered public accounting firm for 2009, and
- transact any other business that properly comes before the meeting.

You are entitled to vote at the meeting if you were an owner of record of United States Steel Corporation common stock at the close of business on February 27, 2009. If your ownership is through a broker or other intermediary, you will need to have proof of your stockholdings in order to be admitted to the meeting. A recent account statement, letter or proxy from your broker or other intermediary will suffice.

By order of the Board of Directors,

Craig D. Mallick

Secretary

Dated: March 13, 2009

United States Steel Corporation

600 Grant Street

Pittsburgh, PA 15219-2800

Important Notice Regarding the Availability of Proxy Materials for

the Annual Meeting of Stockholders to Be Held on April 28, 2009

The proxy statement and the annual report of the Corporation are available at

http://www.uss.com/corp/proxy.

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Proxy Statement

We have sent you this proxy statement because the Board of Directors is asking you to give your proxy (that is, the authority to vote your shares) to our proxy committee so they may vote your shares on your behalf at our annual meeting of stockholders. The members of the proxy committee are John P. Surma and Seth E. Schofield. They will vote your shares as you instruct. The proxy statement contains information about the matters being voted on and other information that may be helpful to you.

We will hold the meeting on April 28, 2009 on the 33rd floor of the U. S. Steel Tower, 600 Grant Street, Pittsburgh, Pennsylvania. If you need directions to the annual meeting, you may write to U. S. Steel Shareholder Services, 15th Floor, 600 Grant Street, Pittsburgh, PA 15219-2800.

We began the mailing of the proxy statement, the proxy card and the 2008 annual report on or about March 13, 2009.

Questions and Answers

¢ **Who may vote?**

You may vote if you were a holder of United States Steel Corporation (U. S. Steel or the Corporation) common stock at the close of business on February 27, 2009.

¢ **What may I vote on?**

You may vote on:

the election of the four nominees for Class II directors recommended by the Board of Directors and identified in the Corporation s proxy statement, and

the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2009.

¢ **How does the Board recommend I vote?**

The Board recommends that you vote:

FOR each of the nominees for director, and

FOR the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2009.

¢ **How do I vote?**

You may vote by telephone or over the Internet by following the instructions on

the enclosed proxy card (or, if you own your shares through a broker or other intermediary, on the enclosed voting instruction card). You may also vote by marking, signing and dating the enclosed proxy card or voting instruction card and returning it in the prepaid envelope. The proxy committee will vote your shares in accordance with your directions. If you sign, date and return a proxy card but do not mark the boxes showing how you wish to vote, the proxy committee will vote your shares FOR each proposal. Unsigned proxy cards will not be voted at all. If you are a stockholder of record (that is, if you are registered on our books), you may also vote in person by attending the meeting. If you are not a stockholder of record (for example, you hold your shares in street name), you will need to obtain a legal proxy from your broker, bank or other holder of record in order to vote in person at the meeting.

¢ **May I change my vote?**

If you are a stockholder of record, you may change your vote or revoke your proxy at any time before your shares are voted at the meeting by:

voting again by telephone or over the Internet,

sending us a proxy card dated later than your last vote,

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notifying the Secretary of U. S. Steel in writing, or

voting at the meeting.

If you hold your shares in street name, please refer to the information forwarded by your bank, broker or other holder of record for procedures on revoking or changing your voting instructions.

¢ **How many outstanding shares are there?**

At the close of business on February 27, 2009, which is the record date for the meeting, there were 116,198,096 shares of U. S. Steel common stock outstanding. Each share is entitled to one vote.

¢ **How big a vote do the proposals need in order to be adopted?**

Directors are elected by a plurality of the votes of the shares present in person at the meeting or represented by proxy and entitled to vote; that is, those receiving the most votes are elected, even if they receive fewer than a majority of the votes present. The independent registered public accounting firm is elected by a majority of the votes of the shares present in person at the meeting or represented by proxy and entitled to vote. Abstentions are counted as votes present and entitled to vote and have the same effect as votes against a proposal. Broker non-votes are not counted as either votes for or votes against a proposal. Both abstentions and broker non-votes are counted in determining that a quorum is present for the meeting.

¢ **What are broker non-votes?**

The New York Stock Exchange permits brokers to vote their customers shares on routine matters when the brokers have not received voting instructions from their customers. The election of directors and the election of independent registered public accounting firms are examples of routine matters on which brokers may vote in this way. Brokers may not vote their customers shares on non-routine matters such as employee stock compensation plans, mergers and contested proposals unless they have received voting instructions from their customers. Non-voted shares on non-routine matters are called broker non-votes.

¢ **What constitutes a quorum?**

Under our by-laws, a quorum is one-third of the voting power of the outstanding shares of stock entitled to vote.

¢ **Will my vote be confidential?**

All voting records which identify stockholders are kept permanently confidential except as necessary to meet legal requirements and in other limited circumstances such as proxy contests. The vote tabulator, inspector of election and the Corporation s transfer agent are each required to execute confidentiality agreements.

¢ **How will voting be conducted on other matters raised at the meeting?**

If any matters are presented at the meeting other than the proposals on the proxy card, the proxy committee will vote on them using their best judgment. Your signed proxy card, or your telephone or Internet vote, gives them the authority to do this. Under our by-laws, notice of any matter to be presented by a stockholder for a vote at the meeting must have been received by our Corporate Secretary on or after December 30, 2008, and no later than January 29, 2009, and it must have been accompanied by certain information about the stockholder presenting it. We have not received notice of any matter to be presented other than those on the proxy card.

¢ **When must shareholder proposals be submitted for inclusion in the proxy statement for the 2010 annual meeting?**

If a shareholder wants to present a proposal at the 2010 annual meeting and include the proposal in our proxy statement for that meeting, the proposal must be received in writing by our Corporate Secretary no later than 5:00 p.m. Eastern Time on November 13, 2009.

¢ **What is the deadline for a shareholder to submit an item of business or other proposal for consideration at the 2010 annual meeting?**

Our by-laws describe the procedures that must be followed in order for a

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stockholder of record to present an item of business at an annual meeting of stockholders. Shareholder proposals or other items of business for the 2010 annual meeting that are not intended to be included in the proxy statement must be received from stockholders of record on or after December 29, 2009 and no later than January 28, 2010 and must be accompanied by certain information about the stockholders making the proposals, as specified in our by-laws.

¢ **What is the deadline to nominate an individual for election as a director at the 2010 annual meeting?**

Our by-laws describe the procedures that must be used in order for someone nominated by a stockholder of record to be eligible for election as a director. To nominate an individual for election as a director at the 2010 annual meeting, notice must be received by the Secretary on or after December 29, 2009 and no later than January 28, 2010. The notice must contain certain information about the nominee, including his or her age, address, occupation and share ownership, as well as certain information about the stockholder giving the notice, as specified in our by-laws.

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The Board of Directors and its Committees

Under our by-laws and the laws of Delaware, U. S. Steel s state of incorporation, the business and affairs of U. S. Steel are managed under the direction of the Board of Directors. The Board met nine times in 2008. The non-employee directors hold regularly scheduled executive sessions without management. The chair for these sessions is our presiding director, unless the subject matter of a particular session makes it more appropriate for a committee chairperson to serve as chair. The presiding director is elected annually by the independent directors at the Board s organizational meeting following the annual meeting of stockholders. The presiding director, who must be an independent director, also acts as a liaison between the Board and executive management. Seth E. Schofield is currently serving as the presiding director. The directors spend considerable time preparing for Board and committee meetings, and they attend as many meetings as possible. All of the directors attended in excess of 75 percent of the Board and committee meetings during 2008, with the exception of Mr. Gephardt who attended in excess of 75 percent of Board meetings but fell one committee meeting short of reaching the 75 percent overall attendance level. The directors are expected to attend the annual meeting of stockholders. Eleven of the twelve directors who were on the Board at the time attended the 2008 stockholders meeting.

Independence

The following non-employee directors are independent within the definitions of independence of both the New York Stock Exchange listing standards and the Securities and Exchange Commission (the SEC) standards for audit committee members: Robert J. Darnall, John G. Drosdick, Richard A. Gephardt, Charles R. Lee, Jeffrey M. Lipton, Frank J. Lucchino, Glenda G. McNeal, Seth E. Schofield, Graham B. Spanier, David S. Sutherland and Patricia A. Tracey. In addition, the Board has affirmatively determined that none of these directors has a material relationship with the Corporation (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Corporation). The Board made such determination based on all relevant facts and circumstances, including the categorical standards for independence adopted by the Board. Under those standards, no director is independent if:

a. within the previous three years:

1. he or she has been an employee, or an immediate family member (as defined below) has been an executive officer, of the Corporation;

2. he or she, or an immediate family member, has received more than $120,000 in any twelve-month period in direct compensation from the Corporation, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service); or

3. he or she has been employed, or an immediate family member has been employed, as an executive officer of another company where any of the Corporation s present executives serve on that company s compensation committee;

b. he or she is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Corporation for property or services in an amount which, in any of the last three fiscal years, exceeded the greater of $1 million or 2 percent of such other company s gross revenues; or

c. (1) he or she or an immediate family member is a current partner of a firm that is the Corporation s internal or external auditor; (2) he or she is a current employee of such a firm; (3) he or she has an immediate family member who is a current employee of such a firm and personally works on the

Corporation s audit; or (4) he

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or she or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the Corporation s audit within that time.

Immediate family member includes a person s spouse, parents, children, siblings, mother and father-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person s home. It does not include individuals who are no longer immediate family members as a result of legal separation or divorce, or those who have died or become incapacitated.

In making its determination of director independence, the Board of Directors considered a transaction between U. S. Steel and an affiliate of SunCoke Energy, Inc. (SunCoke) pursuant to which U. S. Steel will purchase coke for our Granite City Works. The coke will be produced at a facility that is being constructed by the affiliate of SunCoke adjacent to the Granite City Works. SunCoke is a subsidiary of Sunoco, Inc., and Mr. Drosdick previously served as Chairman, President and Chief Executive Officer of Sunoco. He retired from his positions as Chief Executive Officer and President effective as of August 8, 2008 and as Chairman effective as of December 31, 2008. The Board determined that Mr. Drosdick did not have a direct or indirect material interest in this transaction. In addition, the amount of annual payments to be made by U. S. Steel in connection with this transaction are expected to be significantly less than 2 percent of Sunoco, Inc. s gross annual revenues. As a result, the Board concluded that the transaction would not affect Mr. Drosdick s independence.

Director Retirement Policy

Our by-laws require non-employee directors to retire at the end of the month in which they turn 72, even if their terms have not expired. J. Gary Cooper retired from the Board on October 31, 2008 in accordance with this requirement. Employee directors must retire from the Board when they retire as employees, except that the Chief Executive Officer (CEO) may remain on the Board, at the Board s request, through the month in which he or she turns 70. Our by-laws also provide that directors who undergo a significant change in their business or professional careers should volunteer to resign from the Board.

Board Committees

The Board has three principal committees, each of which is comprised exclusively of independent directors: the Audit Committee, the Compensation & Organization Committee and the Corporate Governance & Public Policy Committee. Each such committee has a written charter adopted by the Board, which is available on the Corporation s website (www.ussteel.com) under Investors then Corporate Governance. Each committee may hire outside advisors, including counsel, at the Corporation s expense. The Board also has an Executive Committee made up of Messrs. Surma and Schofield, the role of which is to act on, and report to the Board on, significant matters that may arise between Board meetings. The table below shows the current committee memberships of each independent director and the number of meetings that each principal committee of the Board held in 2008.

Director	Audit Committee	Compensation & Organization Committee	Corporate Governance & Public Policy Committee
Robert J. Darnall		X *	
John G. Drosdick	X	X	
Richard A. Gephardt	X		X
Charles R. Lee	X	X	
Jeffrey M. Lipton	X *		
Frank J. Lucchino			X *
Glenda G. McNeal	X		X
Seth E. Schofield		X	
Graham B. Spanier	X		X
David S. Sutherland		X	X
Patricia A. Tracey		X	X
Number of Meetings in 2008	6	8	6

* Chairman

Audit Committee

Pursuant to its Charter, the Audit Committee s duties and responsibilities include:

- reviewing and discussing with management and the independent registered public accounting firm matters related to the annual audited financial statements, quarterly financial statements, earnings press releases and the accounting principles and policies applied;
- reviewing and discussing with management and the independent registered public accounting firm matters related to the Corporation s internal control over financial reporting;
- reviewing the responsibilities, budget, staffing and performance of the Corporation s internal audit function;
- reviewing issues that arise with respect to the Corporation s compliance with legal or regulatory requirements and corporate policies dealing with business conduct;
- being directly responsible for the appointment (subject to shareholder vote), compensation, retention, and oversight of the work of the Corporation s independent registered public accounting firm (including resolution of disagreements between management and such firm regarding financial reporting), while possessing the sole authority to approve all audit engagement fees and terms as well as all non-audit engagements with such firm; and
- discussing policies with respect to risk assessment and risk management.

The charter requires the Committee to perform an annual self-evaluation and to review its charter during its first meeting of each calendar year.

The charter requires that the Committee be comprised of at least three directors, each of whom is independent and financially literate, and at least one of whom must have accounting or related financial management expertise. The charter also requires that no director who serves on the audit committees of more than two other public companies may serve on the Committee unless the Board determines that such simultaneous service will not impair the ability of such director to effectively serve on the Committee. The Committee has a number of members who meet the SEC s definition of audit committee financial expert. The Board has decided to name two of them, Jeffrey M. Lipton, the Committee s chairman, and Charles R. Lee, as audit committee financial experts within the SEC s definition. Mr. Lipton and Mr. Lee are independent as that term is defined by the New York Stock Exchange and the SEC.

Compensation & Organization Committee

Pursuant to its Charter, the Compensation and Organization Committee s duties and responsibilities include:

determining and approving the CEO s compensation level based on the evaluation of the CEO s performance;

approving the salaries of the other executives of the Corporation;

with the Board, annually reviewing the Corporation s executive management succession plans and the policies regarding succession in the event of an emergency or the retirement of the CEO;

administering the plans and programs under which short-term and long-term incentives are awarded to executives and approving such awards;

reviewing with management and recommending to the Board the Compensation Discussion & Analysis and producing the Committee report for inclusion in the proxy statement;

adopting and amending employee benefit plans and designating participants therein; and

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approving the retention and termination of any independent consulting firm to assist in the evaluation of CEO or executive compensation, and approving the consulting firm s fees and other retention terms, and evaluating the consulting firm s performance and independence.

The charter requires the Committee to perform an annual self-evaluation and to review its charter during its first meeting of each calendar year.

The charter requires that the Committee be comprised of at least three directors, each of whom is independent.

The Committee s processes for determining the amounts of compensation to pay its executives are provided below. Additional detail on the Committee s processes can be found in the *Compensation Discussion & Analysis* section.

The Committee meets at least five times a year (8 times in 2008). Committee agendas are established in consultation among management, the Committee chair and the Committee s independent consultant. The Committee typically meets in executive session for at least a portion of each regular meeting. Generally, the CEO and the Vice President Human Resources attend Committee meetings but are not present for the executive sessions.

The Committee has retained Towers Perrin as its independent consultant to assist the Committee in evaluating executive compensation programs and in setting executive officers compensation. The use of an independent consultant provides additional assurance that the Corporation s executive compensation programs are reasonable and consistent with the Corporation s objectives. The consultant reports directly to the Committee and does not perform services for management without the express approval of the Committee. The consultant regularly participates in Committee meetings, including executive sessions, and advises the Committee with respect to compensation trends and best practices, plan design, and the reasonableness of individual compensation awards.

With respect to the CEO s compensation, the Committee makes its determinations based upon its evaluation of the CEO s performance and with input from its consultant. Each year, the Committee reviews the CEO s goals and objectives, and the evaluation of the CEO s performance with respect to the prior year s approved CEO goals and objectives, with the Board of Directors. The CEO does not participate in the presentations to, or discussions with, the Committee in connection with the setting of his compensation.

With the oversight of the CEO and the Vice President Human Resources, the Corporation s compensation group formulates recommendations on matters of compensation philosophy, plan design, and the specific compensation recommendations for other executive officers. The CEO gives the Committee a performance assessment and compensation recommendation for each of the other executives. These recommendations are then considered by the Committee with the assistance of its compensation consultant.

Corporate Governance & Public Policy Committee

The Corporate Governance & Public Policy Committee serves as the Corporation s nominating committee. Pursuant to its Charter, the duties and responsibilities of this Committee include:

identifying and evaluating nominees for director and selecting, or recommending that the Board select, the director nominees for the next annual meeting of shareholders;

making recommendations to the Board concerning the appropriate size and composition of the Board and its committees;

making recommendations to the Board concerning the compensation of non-employee directors;

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- recommending to the Board a set of corporate governance principles applicable to the Corporation, reviewing such principles at the Committee s first meeting of each calendar year and recommending appropriate changes to the Board;

- reviewing relationships with, and communications to and from, the investment community, including the Corporation s stockholders;

- reviewing matters relating to legislative, regulatory and public issues affecting the Corporation s businesses and operations;

- reviewing and approving codes of conduct applicable to employees of the Corporation and its principal operating units; and

- assessing and making recommendations concerning overall corporate governance to the extent specific matters are not the assigned responsibility of other board committees.

The Committee establishes criteria for selecting new directors, which include (a) their independence, as defined by applicable law, stock exchange listing standards and the categorical standards listed in the Corporation s Corporate Governance Principles, (b) their business or professional experience, (c) their integrity and judgment, (d) their records of public service, (e) their ability to devote sufficient time to the affairs of the Corporation, (f) the diversity of backgrounds and experience they will bring to the Board, and (g) the needs of the Corporation from time to time. The Committee s charter provides that all directors should be individuals of substantial accomplishment with demonstrated leadership capabilities and that they should represent all shareholders and not any special interest group or constituency. The Committee will evaluate candidates for the Board of Directors recommended by stockholders using the same criteria that are described above. Stockholders wishing to recommend a candidate may submit a recommendation to the Secretary of the Corporation. That submission should include (i) the candidate s name, address, occupation and share ownership; (ii) any other biographical information that will enable the Committee to evaluate the candidate in light of the foregoing criteria; and (iii) information concerning any relationship between the candidate and the shareholder making the recommendation.

The Corporation has an agreement with the United Steelworkers (the USW) that permits the USW to suggest two individuals for consideration for Board membership. The agreement recognizes that every director has a fiduciary duty to the Corporation and all of its stockholders, and that each individual recommended by the USW must meet the criteria described above. Messrs. Lucchino and Gephardt were recommended in this manner.

The Committee s charter gives the Committee the sole authority to retain and terminate any search firm to be used to identify director candidates, including sole authority to approve the search firm s fees and other retention terms.

The charter requires the Committee to perform an annual self-evaluation and to review its charter during its first meeting of each calendar year.

The charter also requires that all Committee members be independent directors.

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Compensation of Directors

Our by-laws provide that each non-employee director shall be paid allowances and attendance fees as the Board may from time to time determine. Directors who are employees of U. S. Steel receive no compensation for their service on the Board.

The objective of U. S. Steel s director compensation programs is to enable the Corporation to attract and retain as directors individuals of substantial accomplishment with demonstrated leadership capabilities. In order to align the interests of directors with the interests of the shareholders, our non-employee directors also participate in the Deferred Compensation Program for Non-Employee Directors and the Non-Employee Director Stock Program, each of which is described below.

Non-employee directors are paid an annual retainer of $180,000, and the Presiding Director and Committee Chairs receive an additional annual fee of $5,000. No meeting fees or committee membership fees are paid.

Under our Deferred Compensation Program for Non-Employee Directors, each non-employee director is required to defer at least 50 percent of his or her retainer in the form of Common Stock Units and may elect to defer up to 100 percent. A Common Stock Unit is what is sometimes referred to as phantom stock because initially no stock is actually issued. Instead, we keep a book entry account for each director that shows how many Common Stock Units he or she has. When a director leaves the Board, he or she receives actual shares of common stock corresponding to the number of Common Stock Units in his or her account. We credit each non-employee director s deferred stock account with Common Stock Units when the retainer is paid. The ongoing value of each Common Stock Unit equals the market price of the common stock. When dividends are paid on the common stock, we credit each account with equivalent amounts in additional Common Stock Units. If U. S. Steel were to undergo a change in control resulting in the removal of a non-employee director from the Board, that director would receive a cash payment equal to the value of his or her deferred stock account.

Under our Non-Employee Director Stock Program, upon joining our Board, each non-employee director is eligible to receive a grant of up to 1,000 shares of common stock. In order to qualify, each director must first have purchased an equivalent number of shares in the open market during the 60 days following the first date of his or her service on the Board.

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The following table sets forth certain information concerning the compensation of directors for 2008:

Director Compensation

Name	Fees Earned or Paid in Cash ($)	Stock Awards [4][5] ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
J. Gary Cooper [1]	30,000	120,000	0	0	Not Applicable	0	150,000
Robert J. Darnall	95,000	90,000	0	0	Not Applicable	0	185,000
John G. Drosdick	90,000	90,000	0	0	Not Applicable	0	180,000
Richard A. Gephardt	90,000	90,000	0	0	Not Applicable	0	180,000
Charles R. Lee	90,000	90,000	0	0	Not Applicable	0	180,000
Jeffrey M. Lipton	5,000	180,000	0	0	Not Applicable	0	185,000
Frank J. Lucchino	95,000	90,000	0	0	Not Applicable	0	185,000
Glenda G. McNeal	90,000	90,000	0	0	Not Applicable	0	180,000
Seth E. Schofield	95,000	90,000	0	0	Not Applicable	0	185,000
Graham B. Spanier [2]	60,000	210,980	0	0	Not Applicable	0	270,980
David S. Sutherland [3]	0	236,320	0	0	Not Applicable	0	236,320
Patricia A. Tracey	90,000	90,000	0	0	Not Applicable	0	180,000

(1) Mr. Cooper retired from the Board effective as of October 31, 2008.

(2) Dr. Spanier was first elected a director effective as of April 29, 2008.

(3) Mr. Sutherland was first elected a director effective as of July 29, 2008.

(4) Stock award grant date values are computed in accordance with FAS 123(R), as described in the Corporation s financial statements for the year ended December 31, 2008 filed in the Annual Report on Form 10-K. All of the 2008 stock awards represent Common Stock Units under the Deferred Compensation Program for Non-Employee Directors, except in the case of (i) Dr. Spanier where $60,000 of the amount shown represents Common Stock Units under the Deferred Compensation Program for Non-Employee Directors and $150,980 represents actual shares awarded under the Non-Employee Director Stock Program; and (ii) Mr. Sutherland where $75,000 of the amount shown represents Common Stock Units under the Deferred Compensation Program for Non-Employee Directors and $161,320 represents actual shares awarded under the Non-Employee Director Stock Program. The amounts shown in this column do not include a reduction in compensation expense recorded by the Corporation in 2008 with respect to a one-time award of Common Stock Units in 2005 that are convertible only into cash. The amount of this reduction in compensation expense (for financial reporting purposes) was $66,917 for each of Messrs. Darnall, Drosdick, Lee, Lucchino and Schofield; $67,435 for Mr. Cooper; and $52,837 for Mr. Gephardt.

(5) The aggregate stock awards outstanding at the end of 2008 for each director are as follows and represent Common Stock Units under the Deferred Compensation Program for Non-Employee Directors:

	Number of Common Stock Units*
J. Gary Cooper	0
Robert J. Darnall	9,766
John G. Drosdick	9,279
Richard A. Gephardt	4,442

Charles R. Lee	18,515
Jeffrey M. Lipton	3,168
Frank J. Lucchino	7,987
Glenda G. McNeal	1,275
Seth E. Schofield	12,628
Graham B. Spanier	355
David S. Sutherland	572
Patricia A. Tracey	1,275

* The amounts shown also include Common Stock Units that are convertible only into cash in the following amounts: 817 for each of Messrs. Darnall, Drosdick, Lee, Lucchino and Schofield and 647 for Mr. Gephardt. Upon his retirement from the Board of Directors on October 31, 2008, 811 Common Stock Units in Mr. Cooper s account were converted into cash and paid to Mr. Cooper, and all remaining Common Stock Units were converted into actual shares of the Corporation s common stock and were distributed to Mr. Cooper.

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Communications from Security Holders and Interested Parties

Security holders and interested parties may send communications through the Secretary of the Corporation to (1) the Board, (2) the Committee chairmen, (3) the presiding director, or (4) the outside directors as a group. The Secretary will collect, organize and forward to the directors all communications that, in his or her judgment, are appropriate for consideration by the directors. Examples of communications that would not be considered appropriate for consideration by the directors include solicitations for products or services, employment matters, and matters not relevant to the shareholders, to the functioning of the Board, or to the affairs of the Corporation.

Policy With Respect To Related Person Transactions

The Board of Directors of the Corporation has adopted a written policy that requires certain transactions with related persons to be approved or ratified by its Corporate Governance & Public Policy Committee. For purposes of this policy, related persons include (i) any person who is, or at any time since the beginning of the Corporation s last fiscal year was, a director or executive officer of the Corporation or a nominee to become a director of the Corporation, (ii) any person who is the beneficial owner of more than 5 percent of any class of the Corporation s voting securities; and (iii) any immediate family member of any person described in (i) or (ii). The types of transactions that are subject to this policy are transactions, arrangements or relationships (or any series of similar transactions, arrangements or relationships) in which the Corporation, or any of its subsidiaries, was, is or will be a participant and in which any related person had, has or will have a direct or indirect material interest and the aggregate amount involved will or may be expected to exceed $120,000. The standards applied by the Corporate Governance & Public Policy Committee when reviewing transactions with related persons include (a) the benefits to the Corporation of the transaction; (b) the terms and conditions of the transaction and whether such terms and conditions are comparable to the terms available to an unrelated third party or to employees generally; and (c) the potential for the transaction to affect the independence or judgment of a director or executive officer of the Corporation. Under the policy, certain transactions are deemed to be automatically pre-approved and do not need to be brought to the Corporate Governance & Public Policy Committee for individual approval. The transactions which are automatically pre-approved include (i) transactions involving compensation to directors and executive officers that is required to be reported in the Corporation s proxy statement; (ii) indebtedness for ordinary business travel and expense payments; (iii) transactions with another company at which a related person s only relationship is as an employee (other than an executive officer), a director or beneficial owner of less than 10 percent of any class of equity securities of that company, provided that the amount involved does not exceed the greater of $1,000,000 or 2 percent of that company s consolidated gross annual revenues; (iv) transactions where the interest of the related person arises solely from the ownership of a class of equity securities of the Corporation, and all holders of that class of equity securities receive the same benefit on a pro rata basis; (v) transactions where the rates or charges involved are determined by competitive bid; (vi) transactions involving the rendering of services as a common or contract carrier or public utility at rates or charges fixed in conformity with law or governmental regulation; and (vii) transactions involving services as a bank depositary of funds, transfer agent, registrar, trustee under a trust indenture or similar services.

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Proposals of the Board

The Board will present the following proposals at the meeting:

Proposal No. 1 Election of Directors

U. S. Steel s Certificate of Incorporation divides the directors into three classes: Class I, Class II and Class III. Each class must consist, as nearly as possible, of one-third of the directors. Once elected, directors serve for a term of three years and until their successors are duly elected and qualified. At each annual meeting, directors who are elected to succeed directors whose terms have expired are identified as being of the same class as those they succeed. A director elected to fill a vacancy is elected to the same class as the director he or she succeeds, and a director elected to fill a newly created directorship holds office until the next election of the class to which he or she is elected.

The current four Class II directors are nominees for election this year. The Board is recommending all four nominees for a three-year term that will expire at the 2012 annual meeting. A brief statement about the background of each nominee and each continuing director is given on the following pages. If any nominee for whom you have voted becomes unable to serve, your proxy may be voted for another person designated by the Board.

The Board recommends a vote **FOR** the election of each nominee.

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Nominees for Class II Directors

Terms Expire 2012

Frank J. Lucchino **Director since 2003** **Age 69**
Judge, Orphans Court Division, Court of Common Pleas, Allegheny County, Pennsylvania

Judge Lucchino earned a Bachelor s degree in engineering in 1961, and a law degree in 1964, from the University of Pittsburgh. He is an alumnus of Harvard Business School s Executive Education program on corporate governance. He served on the boards of National Steel Corporation and Allegheny Teledyne Incorporated. Judge Lucchino currently serves as a judge in the Orphans Court Division of the Court of Common Pleas in Allegheny County, Pennsylvania. Prior to being elected to the Court, he was a senior partner at the law firm of Grogan, Graffam, McGinley and Lucchino in Pittsburgh, Pennsylvania. He also served five four-year terms as Allegheny County Controller, an elected position. In 1993, Judge Lucchino was named to the United States National Commission on Libraries and Information Science (NCLIS) by President Clinton and was confirmed by the Senate. He served on the Commission until July 1999.

Seth E. Schofield **Director since 2001** **Age 69**
Retired Chairman and Chief Executive Officer, USAir Group (air carrier)

Mr. Schofield graduated from the Harvard Business School Program for Management Development in 1975. He served in various corporate staff positions after joining USAir in 1957 and became Executive Vice President-Operations in 1981. Mr. Schofield served as President and Chief Operating Officer from 1990 until 1991. He was elected President and Chief Executive Officer in 1991 and became Chairman of the boards of USAir Group and USAir, Inc. in 1992. He retired in January 1996. Mr. Schofield is a director of Marathon Oil Corporation and Calgon Carbon Corporation.

John P. Surma	**Director since 2001**	**Age 54**

Chairman of the Board of Directors and Chief Executive Officer

United States Steel Corporation

Mr. Surma received a BS degree in accounting from the Pennsylvania State University in 1976 and joined Price Waterhouse LLP at that time. He joined Marathon Oil Company in 1997 as Senior Vice President, Finance and Accounting. He was named Senior Vice President, Finance & Administration in January 1998; President of Speedway SuperAmerica LLC in September 1998, and Senior Vice President, Supply & Transportation in January 2000. Effective January 1, 2001 he became President of Marathon Ashland Petroleum LLC, and in September 2001, Mr. Surma was elected Assistant to the Chairman of USX Corporation. He became Vice Chairman and Chief Financial Officer of U. S. Steel effective December 31, 2001, President effective March 1, 2003, President and Chief Operating Officer effective June 1, 2003, President and Chief Executive Officer effective October 1, 2004, and Chairman of the Board of Directors effective February 1, 2006. Mr. Surma is a director of The Bank of New York Mellon Corporation. He is also a director of the American Iron and Steel Institute, Vice Chairman and a member of the Executive Committee of the World Steel Association, a member of The Business Council, a member of the National Petroleum Council, Chairman of the Board of Directors of the Allegheny Conference on Community Development, Chairman of the Board of Directors of the Allegheny County Parks Foundation, a member of the Board of Trustees of the Pennsylvania State University, and a member of the American Institute of Certified Public Accountants.

David S. Sutherland	**Director since 2008**	**Age 59**

Retired President and Chief Executive Officer, IPSCO, Inc. (steel producer)

Mr. Sutherland earned a Bachelor of Commerce degree from the University of Saskatchewan and a master s degree in business administration from the University of Pittsburgh s Katz Graduate School of Business. Mr. Sutherland retired as President and Chief Executive Officer of the former IPSCO, Inc., a leading North American steel producer, in July 2007 after spending thirty years with the company and more than five as President and Chief Executive Officer. Mr. Sutherland is a director of GATX Corporation, Transfield Services Limited and ZCL Composites Inc. and a member of the Board of Governors of the University of Saskatchewan. Mr. Sutherland is a former chairman of the American Iron and Steel Institute and served as a member of the board of directors of the Steel Manufacturers Association, the International Iron and Steel Institute, the Canadian Steel Producers Association and the National Association of Manufacturers

Continuing Class III Directors

Terms Expire 2010

Robert J. Darnall **Director since 2001** **Age 70**
Retired Chairman and Chief Executive Officer, Inland Steel Industries (steel producer)

Mr. Darnall graduated from DePauw University with a BA degree in mathematics, from Columbia University with a BS degree in civil engineering and from the University of Chicago with an MBA. He began his career with Inland Steel Industries in 1962. He was elected Executive Vice President in 1982 and at that time joined Inland s Board of Directors. In 1986 Mr. Darnall became President and Chief Operating Officer. In 1992, he became Chairman, President and Chief Executive Officer. He retired as Chairman and Chief Executive Officer in 1998 and immediately joined Ispat International N.V., which acquired Inland Steel Company in 1998, as head of their North American operations. Mr. Darnall left Ispat in 2000 and soon thereafter became Chairman and Interim Chief Executive Officer of Prime Advantage Corporation, a procurement services startup. He left Prime Advantage in January 2002. Mr. Darnall is a director of Cummins, Inc., Pactiv Corporation and Sunoco, Inc. He is also former Chairman of the American Iron and Steel Institute.

John G. Drosdick **Director since 2003** **Age 65**
Retired Chairman, Chief Executive Officer and President, Sunoco, Inc.

(petroleum and petrochemical products)

Mr. Drosdick graduated from Villanova University with a BS degree in chemical engineering and received a Master s in chemical engineering from the University of Massachusetts. Mr. Drosdick began his career with Exxon Corporation in 1968 and held a wide variety of management positions. He was named President of Tosco Corporation in 1987 and President of Ultramar Corporation in 1992. In 1996, Mr. Drosdick became President and Chief Operating Officer of Sunoco and was elected Chairman and Chief Executive Officer in May 2000. He retired from his positions as Chief Executive Officer and President of Sunoco effective as of August 8, 2008 and as Chairman of Sunoco effective as of December 31, 2008. Mr. Drosdick is a director of H.J. Heinz Co.

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Charles R. Lee **Director since 2001** **Age 69**
Retired Chairman, Verizon Communications (telecommunications)

Mr. Lee received a Bachelor s degree in metallurgical engineering from Cornell University and an MBA with distinction from the Harvard Graduate School of Business. He served in various financial and management positions before becoming Senior Vice President-Finance for Penn Central Corporation and then Columbia Pictures Industries Inc. In 1983, he joined GTE Corporation (which merged with Bell Atlantic Corporation to form Verizon Communications in 2000) as Senior Vice President of Finance and in 1986 was named Senior Vice President of Finance and Planning. He was elected President, Chief Operating Officer and director in December 1988 and was elected Chairman of the Board and Chief Executive Officer of GTE in May 1992. Mr. Lee served as Chairman and Co-Chief Executive Officer of Verizon from June 2000 to March 2002 and as Non-Executive Chairman until December 31, 2003. Mr. Lee is a director of Marathon Oil Corporation, The Procter & Gamble Company, United Technologies Corporation and DirecTV Group. Mr. Lee is also a member of the Board of Overseers of the Weill Medical College of Cornell University and Trustee Emeritus of Cornell University.

Jeffrey M. Lipton **Director since 2006** **Age 66**
Chief Executive Officer and Director, NOVA Chemicals Corporation (plastics and chemicals)

Mr. Lipton graduated from Rensselaer Polytechnic Institute with a BS degree in chemical engineering and received an MBA from Harvard University. Mr. Lipton began working for E.I. DuPont de Nemours in 1965 undertaking assignments in manufacturing, sales, marketing, purchasing, research and general business management. In 1994, he joined NOVA Corporation as Senior Vice President and Chief Financial Officer. In 1994, Mr. Lipton was appointed President and was elected a director in 1996. In 1998, he was elected President, Chief Executive Officer and a Director of NOVA Chemicals Corporation and assumed his current position in January 2008. He is the past-Chairman of the Board of the American Chemistry Council and the American Section of the Society of Chemical Industry. He is also a member of the Board of the Canadian Council of Chief Executives.

Continuing Class I Directors

Terms Expire 2011

Richard A. Gephardt	**Director since 2005**	**Age 68**
Retired United States Congressman		

Congressman Gephardt received a Bachelor of Science degree from Northwestern University and a Juris Doctor degree from the University of Michigan Law School. After serving as a Democratic committeeman and alderman in his native St. Louis, he was elected to the United States House of Representatives in 1976, representing Missouri s Third District. He was re-elected 13 times. While in the House, Congressman Gephardt served on the Budget Committee and on the Ways and Means Committee. He was elected Chairman of the House Democratic Caucus in 1984; and he served as majority leader from 1989 to 1994. In 1994 he was elected House Democratic Leader, the top Democratic leadership position in the House. He served as minority leader from 1995 to 2003. After deciding not to seek re-election, Congressman Gephardt retired from the House on January 3, 2005. Congressman Gephardt serves as a consultant to The Goldman Sachs Group, Inc. and as senior counsel to the law firm of DLA Piper Rudnick. He is a director of Spirit Aerosystems Holdings, Inc., Centene Corporation, Embarq Corporation and Dana Holding Corporation. He also serves on the board of the St. Jude Children s Hospital.

Glenda G. McNeal	**Director since 2007**	**Age 48**
Senior Vice President and General Manager Retail & Emerging Industries, Establishment Services Division		

American Express Company (global payments, network, credit card and travel services)

Ms. McNeal received a Bachelor of Arts degree in Accounting from Dillard University and an MBA in Finance from the Wharton School of the University of Pennsylvania. Ms. McNeal began her career with Arthur Andersen, LLP in 1982, and was employed by Salomon Brothers, Inc. from 1987 to 1989. In 1989, Ms. McNeal joined American Express Company and since that time has served in a series of increasingly responsible positions for that company. She assumed her current position in 2005. Ms. McNeal also serves as a member of the Pepsico Ethnic Advisory Board and a trustee of Dillard University.

Graham B. Spanier	**Director since 2008**	**Age 60**
President		

The Pennsylvania State University

Dr. Spanier received Bachelor of Science and Master of Science degrees from Iowa State University and a Ph.D. from Northwestern University, where he was a Woodrow Wilson Fellow. Dr. Spanier was appointed President of the Pennsylvania State University in 1995. Prior to that appointment, he served as Chancellor of the University of Nebraska-Lincoln, Provost and Vice President for Academic Affairs at Oregon State University and Vice Provost for Undergraduate Studies at the State University of New York-Stony Brook. Dr. Spanier is a director of RBS/Citizens Financial Group. He is a past Chair of the Association of American Universities, Chair of the National Security Higher Education Advisory Board, a member of the National Counterintelligence Working Group and a member of the Board of Advisors of the Naval Postgraduate School.

Patricia A. Tracey	**Director since 2007**	**Age 58**
Vice President, Defense Industry and Development		

Electronic Data Systems, LLC, an HP Company and a subsidiary of Hewlett Packard Co.

(technology services)

Vice Admiral Tracey received a Bachelor of Arts degree in Mathematics from the College of New Rochelle and a Masters Degree in Operations Research from the Naval Postgraduate School. From 1970 to 2004, Vice Admiral Tracey served in a series of increasingly responsible positions with the United States Navy, including Chief of Naval Education and Training from 1996 to 1998; Deputy Assistant Secretary of Defense (Military Manpower and Personnel Policy) from 1998 to 2001; and Director, Navy Staff from 2001 to 2004. Vice Admiral Tracey served as a consultant to the United States Navy from 2004 to 2005 and to the Department of Defense from 2005 to 2006. In 2006, Vice Admiral Tracey served as a Senior Fellow at the Center for Naval Analysis prior to taking her present position of Vice President, Client Industry Executive at Electronic Data Systems Corporation.

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Proposal No. 2 Election of Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP (PwC) has served as the independent auditor (now referred to as the independent registered public accounting firm) of U. S. Steel for many years. We believe that PwC s knowledge of U. S. Steel s business and its organization gained through this period of service is quite valuable. Partners and employees of PwC assigned to the U. S. Steel engagement are periodically rotated, thus giving U. S. Steel the benefit of new thinking and approaches in the audit area. We expect representatives of PwC to be present at the annual meeting with an opportunity to make a statement if they desire to do so and to be available to respond to appropriate questions.

For the year 2008, PwC performed professional services for U. S. Steel in connection with audits of the financial statements of U. S. Steel, and of U. S. Steel s internal control over financial reporting as of December 31, 2008, and audits of certain subsidiaries and certain pension and other employee benefit plans. PwC has also reviewed quarterly reports and other filings with the Securities and Exchange Commission and other agencies.

The Board recommends a vote **FOR** the appointment of PwC as our independent registered public accounting firm.

Information Regarding the Independence of the Independent Registered Public Accounting Firm

The following table shows the fees paid to PwC for professional services for 2008 and 2007:

	(Dollars in millions)	
	2008	**2007**
Audit[1]	$ 5.7	$ 5.8
Audit-Related[2]	$ 0.2	$ 0.2
Tax	$ 0.0	$ 0.1
All Other	$ 0.0	$ 0.0
Total	$ 5.9	$ 6.1

(1) Audit fees were for the audit of U. S. Steel s annual financial statements, the audit of U. S. Steel s internal control over financial reporting required under the Sarbanes-Oxley Act, statutory and regulatory audits, and the issuance of comfort letters and consents.

(2) Audit-related fees were for employee benefit plan audits and procedures required by agreement or government agencies.

Pre-Approval Policy

The Audit Committee (the Committee) has the sole authority to pre-approve all audit engagement fees and terms as well as all non-audit engagements with PwC. The Committee has delegated to its chairman the authority to approve non-audit engagements of less than $500,000 between Committee meetings. In 2007 and 2008, all of the above services were pre-approved by the Committee in accordance with this pre-approval policy.

Audit Committee Report

Our committee has reviewed and discussed U. S. Steel s audited financial statements for the year ended December 31, 2008 with U. S. Steel s management. We have discussed with the independent registered public accounting firm, PricewaterhouseCoopers LLP (PwC), the matters required to be discussed by Statements on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. We also discussed with U. S. Steel s management management s assessment of the effectiveness of U. S. Steel s internal control over financial reporting as of December 31, 2008 and PwC s opinion on the effectiveness of U. S. Steel s internal control over financial reporting as of December 31, 2008. We have received the written disclosures and the letter from PwC required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant s communications with the audit committee concerning independence, and we have discussed with PwC its independence. Based on the review and discussions referred to above, we recommended to the Board that the audited financial statements for U. S. Steel be included in U. S. Steel s Annual Report on Form 10-K for the year ended December 31, 2008 for filing with the Securities and Exchange Commission.

Jeffrey M. Lipton, Chairman
John G. Drosdick
Richard A. Gephardt
Charles R. Lee
Glenda G. McNeal
Graham B. Spanier

Security Ownership of Certain Beneficial Owners

The following table furnishes information concerning all persons known to U. S. Steel to beneficially own five percent or more of the voting stock of U. S. Steel:

Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
U. S. Steel Common Stock	Capital Research Global Investors 333 South Hope Street Los Angeles, California 90071	6,340,720(1)	5.5(1)

(1) Based on Schedule 13G filed on February 17, 2009 which indicates that Capital Research Global Investors had sole voting power over 1,277,520 shares, shared voting power over no shares, sole dispositive power over 6,340,720 shares and shared dispositive power over no shares.

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Security Ownership of Directors and Executive Officers

The Board has adopted stock ownership and retention requirements for executive management. These requirements are described under the caption *Stock Ownership and Retention Policy* on page 38 of this proxy statement. Each executive officer is in compliance with the applicable stock ownership and retention requirements.

Non-employee directors are required to hold equity interests in the Corporation in the form of stock-based deferred compensation. This requirement is a part of our Corporate Governance Principles. Each non-employee director is required to defer at least 50 percent of his or her annual retainer as stock-based compensation under the Deferred Compensation Program for Non-Employee Directors. Amounts deferred are credited to the director s deferred stock account in the form of Common Stock Units. No amounts are paid to the director from the deferred stock account until the director leaves the Board, at which time he or she receives actual shares of common stock corresponding to the number of Common Stock Units in his or her account. The Board and management believe that such deferral, by continually building each director s equity interest in the Corporation, provides a meaningful continued interest in the Corporation that is tied to the shareholders interest because the stock issued upon a director s departure from the Board reflects all changes in the market value of U. S. Steel common stock from the date of deferral. Each director is in compliance with the requirement described in this paragraph.

The following table sets forth the number of shares of U. S. Steel common stock beneficially owned as of January 31, 2009 by each director, by each executive officer named in the Summary Compensation Table and by all directors and executive officers as a group. No director or executive officer beneficially owned, as of the applicable date, any equity securities of U. S. Steel other than those shown.

Name	Shares Beneficially Owned
Robert J. Darnall(1)(4)	14,368
John G. Drosdick(1)(4)	12,881
James D. Garraux(2)(4)	19,965
Richard A. Gephardt(1)(4)	8,214
John H. Goodish(2)(3)(4)	135,714
Gretchen R. Haggerty(2)(4)	157,167
Charles R. Lee(1)(4)	21,317
Jeffrey M. Lipton(1)(4)	10,006
David H. Lohr(2)(4)	34,946
Frank J. Lucchino(1)(4)	10,589
Glenda G. McNeal(1)(4)	5,694
Seth E. Schofield(1)(4)	15,428
Graham B. Spanier(1)(4)	4,774
David S. Sutherland(1)(4)	7,410
John P. Surma(2)(4)	607,026
Patricia A. Tracey(1)(4)	5,352
All Directors and Executive Officers as a group (21 persons)(1)(2)(3)(4)	1,220,280

(1) Includes those Common Stock Units granted under the Deferred Compensation Program for Non-Employee Directors that are convertible into shares of common stock upon departure from the Board, in the following amounts: Mr. Darnall: 11,368; Mr. Drosdick: 10,881; Mr. Gephardt: 6,214; Mr. Lee: 20,117; Mr. Lipton: 8,006; Mr. Lucchino: 9,589; Ms. McNeal: 3,694; Mr. Schofield: 14,230; Dr. Spanier: 2,774; Mr. Sutherland: 5,410; Vice Admiral Tracey: 3,694; and all directors and executive officers as a group: 95,977.

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(2) Includes shares which may be acquired upon exercise of outstanding options which are or will become exercisable within 60 days of January 31, 2009 in the following amounts: Mr. Surma: 394,099; Mr. Garraux: 4,999; Mr. Goodish: 54,866; Mrs. Haggerty: 84,499; Mr. Lohr: 5,767; and all directors and executive officers as a group: 598,628. Also includes shares which may be acquired upon exercise of outstanding options which would become exercisable on March 31, 2009 in the event that the executive officer elected to retire on such date in the following amounts: Mr. Goodish: 12,328; and all directors and executive officers as a group: 22,900.

(3) Includes shares which would be awarded pursuant to restricted stock unit grants in the event that the executive officer elected to retire on March 31, 2009 in the following amounts: Mr. Goodish: 1,355; and all directors and executive officers as a group: 2,577.

(4) The total number of shares beneficially owned by each director and executive officer in each case constitutes less than one percent of the outstanding shares of common stock of U. S. Steel. The total number of shares beneficially owned by all directors and executive officers as a group constitutes approximately 1.05 percent of the outstanding shares of common stock of U. S. Steel.

Compensation & Organization Committee Report

The Compensation & Organization Committee of the Board of Directors of the Corporation has reviewed and discussed the Compensation Discussion & Analysis required by Item 402(b) of Regulation S-K with management, and based on such review and discussion, the Compensation & Organization Committee recommended to the Board that the Compensation Discussion & Analysis be included in this proxy statement.

Robert J. Darnall, Chairman
John G. Drosdick
Charles R. Lee
Seth E. Schofield
David S. Sutherland
Patricia A. Tracey

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Executive Compensation

Compensation Discussion & Analysis

Executive Compensation Objectives and Summary Analysis of Committee Decisions

The overall objectives of U. S. Steel s executive compensation programs as established by the Compensation & Organization Committee (the Committee) are to attract, retain, motivate and reward executives who will make significant contributions to the achievement of corporate goals and objectives. The following compensation principles supplement and support our overall objectives and the compensation decisions discussed in the following pages work to support these principles:

Compensation Principles	Summary Analysis of Committee Decisions Supporting the Principles
The compensation programs should be fair and competitive, taking into account each executive s individual role and unique responsibilities.	Targeting the 50th percentile of a peer group of companies for all elements of compensation is fair and competitive. In addition to objective corporate performance, the Committee uses subjective individual performance as a factor in making its decisions, usually for purposes of exercising negative discretion.
The programs should link a significant portion of the executive s pay to the performance of the organization.	Short-term incentives are paid based upon the Corporation s annual performance against financial, operating and citizenship measures and the values of long-term incentives are tied to the performance of the Corporation s stock.
The programs should foster an ownership culture to better align the executive s interests with those of our shareholders.	A significant portion of an executive s compensation is delivered in stock with formal stock ownership and retention expectations in place to ensure alignment of the executive s interests with those of our shareholders.
The programs should consider the historically cyclical nature of our industry and provide some stability to the overall compensation program.	The Committee grants two-thirds of the value of long-term incentives in the form of awards (restricted stock units and performance awards) that are capable of retaining value in a down market and, thereby, are capable of providing meaningful retention benefits to the Corporation.
The compensation programs should in the aggregate be cash- and tax-efficient for the Corporation.	The greatest portion of the executive s compensation is in the form of long-term incentives, which are cash efficient and, except for the restricted stock unit awards, tax efficient. Programs are administered to permit tax deductions under Internal Revenue Code §162(m).
The executive compensation programs should be consistent with and aligned with the metrics of the non-executive management compensation programs, which should be aligned with the key performance drivers of the Corporation.	The executive and the non-executive short-term incentive programs are largely determined by the Corporation s Return on Capital Employed during the performance period, a key performance driver of the Corporation, and executive and non-executive long-term incentives are tied to the performance of the Corporation s stock.

Setting Executive Compensation

Consultant and Management Input

The Committee makes decisions regarding executive compensation with input from Towers Perrin, an independent consultant engaged directly by the Committee. Additionally, with regard to compensation for executives other than the Chief Executive Officer (CEO), the Committee seeks and obtains input from the CEO. At its meetings, the Committee regularly holds executive sessions, which exclude management and, subject to the Committee s discretion, include its independent consultant.

Benchmarking

Determinations of levels for salary, short-term incentives and long-term incentives begin with a benchmarking process for each executive position against a group of approximately thirty peer companies recommended by the independent consultant and chosen by the Committee prior to, or near the beginning of, the award year (for a list of the 2008 peer companies, see the discussion under *Grants of Plan-Based Awards Discussion of the Grants of Plan-Based Awards Table Estimated Future Payouts Under Equity Incentive Plan Awards Performance Awards*). Peer companies are chosen from publicly traded industrial companies of similar size with the goal that the median level of the group s annual revenues approximate our annual revenues. Other measures such as market capitalization and profitability are also considered. However, the median level of the peer group s revenues for 2008 was approximately two-thirds of U. S. Steel s revenues for 2008 due to increases in U. S. Steel revenues following acquisitions in 2007 and higher average realized steel prices in 2008. Additionally, at U. S. Steel s increased revenue size, there is a general lack of large industrial companies from which to augment the peer group. The Committee considers this relative size difference when making certain compensation decisions (see *Elements of Executive Compensation Long-Term Incentive Awards and Stock Ownership*).

While the peer group is relatively stable from year to year, changes do occur when there is a change in a peer company s circumstances or when a company that better matches U. S. Steel s size and/or business is identified. The peer companies chosen for benchmarking are also used for purposes of comparing total shareholder return in connection with the performance awards granted each May (see *Elements of Executive Compensation Long-Term Incentive Awards and Stock Ownership Performance Awards*).

Our independent consultant uses a combination of its survey data from the peer group of companies together with the public disclosures from the peer group to determine the 50th percentile level of compensation for each executive position. When the consultant is satisfied that it has a sufficient number of matches within the peer group of companies for a given position, the peer group is used exclusively to determine the relevant compensation decision. When the consultant is not satisfied with the quality of the peer group data for a given position, the consultant uses broader survey data (Towers Perrin and Mercer HR Consulting surveys) from hundreds of large general industry companies to augment the peer group data. Regression analysis is used to appropriately size the data from these large company surveys.

The peer group of companies is used to benchmark the salary, short-term incentive, long-term incentive and other elements of compensation and compensation related matters, including retirement benefits, perquisites, stock ownership and retention policies and severance agreements. As a secondary source of information for comparison purposes, custom surveys are performed from time to time using the publicly disclosed information from other Fortune 500 companies. The peer group is also used to evaluate the alignment of corporate performance with the relative level of compensation provided for each executive position (and for all executives in the aggregate as well as for the named executive officers in the aggregate) for the prior year (see *Tally Sheets and Compensation Assessments*).

Targets

Each executive s base salary, short-term incentive compensation and long-term incentive compensation are targeted at the 50th percentile of the peer group of companies. We also provide executives with the opportunity to exceed the 50th percentile should the Corporation s performance exceed our expectations and the performance of our peer companies. The program is also designed to provide compensation below the 50th percentile should our performance fall short of our expectations and the performance of our peers. The Committee believes that targeting

the 50th percentile of the peer group of companies across the three major compensation elements (salary, short-term incentive and long-term incentive compensation) accomplishes its overall objective of providing fair and competitive executive compensation.

In addition to the market data, the Committee considers other factors prior to authorizing increases or decreases to any compensation component. These considerations include factors such as individual performance, the executive s experience at the position, the importance U. S. Steel assigns to that position and prior compensation actions. An assessment of these factors could result in actual compensation being positioned above or below the desired 50th percentile target.

Executives receive a mixture of short-term and long-term incentives. With respect to setting short-term incentive performance targets, the Committee selects, for its two main performance measures, targets that are supported by the Corporation s annual business plan. For many reasons, including the fact that the majority of the executives compensation is received in the form of long-term incentives (see Compensation Mix, below), the Committee believes that the overall executive compensation plan design and balance of compensation will encourage management not to take short-term and long-term risks that are excessive but, rather, to manage risk in a manner that is in the best long-term interests of the Corporation s shareholders.

2009 Salaries and Short-Term Incentive Measures and Targets

The Committee normally considers annual salary increases in April of each year; however, in light of the current difficult business conditions, the Committee elected to forego annual executive merit increases for 2009, which is consistent with the approach communicated to non-executive employees. However, the Committee did approve at its February 2009 meeting adjustments for certain executives related to a reorganization of responsibilities following the recent voluntary early retirement program.

The Committee recognized the dramatic change in overall economic conditions and the impact on business performance which occurred in the fourth quarter of 2008, and the likely impact on future performance expectations and reduced compensation expectations in 2009. These considerations were factored into the 2009 short-term incentive plan measures and targets which were set by the Committee at its February 2009 meeting, and which include return on capital employed, shipment tons, and improvements in safety and environmental emissions.

Return on capital employed is the largest driver in determining the short-term incentive awards (see *Elements of Executive Compensation Short-Term Incentive Awards* , below) and this target is normally aligned with the Corporation s business plan. However, using the Corporation s 2009 business plan would have resulted in a target return on capital employed at a rate below the Corporation s historical cost of capital. Instead, the Committee set the 2009 target return on capital employed at 12 percent, which approximates the Corporation s historical cost of capital and should result in an affordable award should the target be achieved, or reduced awards or no award if the target is not achieved.

Finally, in the event the Corporation would need to conserve cash but chose to pay some form of short-term incentive consistent with the performance delivered for the relevant performance period, the Committee provided the flexibility for it to pay awards under the short-term incentive compensation program in the form of cash (as the plan currently provides), stock (from the shareholder approved 2005 Stock Incentive Plan), or a combination of cash and stock.

Compensation Mix

The distribution of compensation among the various compensation elements is driven by the Committee s belief that, in order to link pay to performance, most of an executive s compensation should be paid in the form of performance-based variable compensation with an increasingly greater emphasis on variable components for the more senior executives who have greater responsibility for the performance of the business. The following table shows the allocation of variable and fixed compensation, as well as the mix of salary, short-term and long-term incentives, for our named executive officers:

Ratios of 2008 Compensation to Total 2008 Compensation(1)

Executive	Salary to Total	Short-Term Incentive to Total	Cash to Total	Equity to Total	Fixed(2) to Total	Variable(3) to Total
J. P. Surma	13%	19%	32%	68%	37%	63%
J. H. Goodish	17%	19%	36%	64%	40%	60%
G. R. Haggerty	21%	21%	42%	58%	41%	59%
D. H. Lohr	21%	20%	41%	59%	41%	59%
J. D. Garraux	20%	20%	40%	60%	41%	59%

(1) Based on salary, short-term incentive awards and long-term incentive awards granted at target levels. Total compensation for this purpose is the total of such salary, short-term incentives and long-term incentives.

(2) Base salary plus grant date fair value of restricted stock unit awards.

(3) Non-Equity Incentive target award plus grant date fair values of performance awards and option awards.

The distribution of compensation among salary, short-term incentive awards and long-term incentive awards and the resulting distribution of compensation between fixed and variable compensation, and between cash and equity compensation, are primarily influenced by our benchmarking process and the Committee s desire to link compensation with short-term and long-term goals. Because each element is benchmarked, the value awarded for one element of compensation typically does not directly affect the value awarded for the other elements.

Individual Performance

The Committee is charged by its charter to approve the CEO s compensation level, giving consideration to, among other things, the CEO s individual performance in the areas of integrity, leadership and effectiveness. Individual performance objectives are reviewed by the Committee and approved by the Board in executive session at the beginning of each year and are considered when reviewing the CEO s performance at the end of the year. A similar evaluation is performed by the CEO with respect to all other executives using like measures and objectives and the results of those evaluations are shared with the Committee for its use in determining executive compensation. These individual performance evaluations are subjective and, to the extent they are used in connection with determinations of long-term and short-term incentive compensation, they are used primarily for purposes of exercising negative discretion (downward discretion to reduce a calculated award otherwise payable). At times, individual performance for the prior year may impact the Committee s decisions

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in connection with salary awards and long-term incentive grants for the current year. The 2008 individual performance measures are listed in the following table:

Performance Category	Individual Performance Measures
Strategic Planning	Specific Strategic Objectives
Results and Operations	Safety
	Results vs. Business Plan
	Management of Operations
	Reporting Process and Internal Controls
Leadership	Human Resource Planning
	Vision and Values
	Diversity
Communications	Shareholder Relations
	External Relations
	Board Relations
	Employees

Tally Sheets and Compensation Assessments

The Committee evaluates the cumulative effect of executive compensation decisions via the periodic review of tally sheets that are updated throughout the year to reflect the impact of the Committee s compensation decisions. In addition to current compensation information, the tally sheets provide the Committee with information regarding the equity ownership, compensation mix, wealth accumulation and future retirement benefits of each named executive officer. Also, the tally sheets quantify the benefits the Corporation would be required to provide to each named executive officer under various termination scenarios.

The Committee s consultant prepares competitive assessments by position for each element of compensation at the time the Committee makes its compensation decisions. Additionally, the consultant annually prepares and reviews with the Committee a competitive assessment of the aggregate compensation for the prior year by position. This review is done against the prior year in order to be able to compare the peer group of companies public disclosures and Towers Perrin s survey data with the Corporation s information. For purposes of the assessment below, Compensation is the aggregate value of the salary, actual short-term incentive and grant date fair market value of the long-term incentives awarded to the five named executive officers for the relevant year. The following table illustrates that U. S. Steel s compensation percentile within the peer group was consistent with its ROCE percentile within the peer group.

Year	U. S. Steel Compensation (Percentile within Peer Group)	U. S. Steel Return on Capital Employed (Percentile within Peer Group)
2007 (as reported in 2008)	35th	37th

(Note: Top Compensation and Return on Capital Employed = 100th Percentile)

Revisions to Awards

The Sarbanes-Oxley Act of 2002 requires the CEO and Chief Financial Officer to reimburse the company for any awards received during the twelve-month period following the release of financial results that subsequently require an accounting restatement due to noncompliance with a material financial reporting requirement as a result of misconduct. We do not have a policy for requiring the recovery of awards for

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other reasons; however, the Committee retains discretion over all elements of compensation and would consider reducing future awards were a similar event to occur. Also, we do not have a policy of reducing or increasing current awards based upon the amounts realized or not realized from prior compensation awards. The Committee believes that the intended value of an award at grant date reflects both the upside and the downside potentials of any such award.

Elements of Executive Compensation

The types of compensation provided to our executives are:

- Salary,
- Short-term incentive compensation,
- Long-term incentive compensation,
- Retirement benefits, and
- Other compensation

Salary

Salary is one of the main components of cash compensation and fits into our overall compensation objectives by providing a base for attracting and retaining significant contributors to U. S. Steel and by establishing a minimum level of compensation upon which our executives may rely. In addition to providing a salary that is competitive with the market, we target salary compensation to align each executive position s level within our organizational structure to accurately reflect its relative internal value. Each year we conduct a market benchmarking review for each executive position against our peer group of companies based on the specific responsibilities of each position (see *Setting Executive Compensation Benchmarking,* above). The market reference points of our salary ranges correspond to the 50th percentile for each position. In a limited number of instances, a salary market reference point is adjusted upward to reflect a position s internal value.

The Committee makes decisions regarding an executive s annual salary adjustments based largely on the executive s actual salary in relation to the salary market reference point and the executive s individual performance. If an executive s salary exceeds the market reference point, future salary increases will be significantly reduced, and performance-based incentive compensation becomes the primary basis for any increases in compensation. While salary compensation typically does not provide rewards for the Corporation s performance, salary increases may reflect subjective evaluations of individual performance (see the individual performance discussion in *Setting Executive Compensation Individual Performance,* above) or may be limited or deferred if the Corporation experiences difficult economic and market conditions.

Our expatriate executives receive salary premiums for foreign service, tax gross-ups to cover foreign taxes, and various allowances. The salary premium is included as creditable earnings for pension calculation purposes. These premiums are paid to expatriate employees generally.

Short-Term Incentive Awards

U. S. Steel s short-term incentive compensation program, the 2005 Annual Incentive Compensation Plan, approved by the shareholders on April 26, 2005, is a non-equity incentive program designed to provide performance-based compensation that retains the tax deductibility of short-term incentive awards. The program s objective is to align our executives compensation with the achievement of performance goals that support our business strategy. To accomplish this objective, the Committee selected two main performance measures to be complemented by three additional citizenship measures (see *Summary Compensation Table Discussion of the Summary Compensation Table Non-Equity Incentive*

Plan Compensation *Return on Capital Employed*, *Shipment Tons* and *Citizenship Measures* for the descriptions of

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these measures). The main performance measures, return on capital employed (ROCE) and steel shipments, are two critical measures of overall corporate and operational performance that link to our business plans and strategy. Of these two measures, the greatest emphasis is placed on ROCE at an 80 percent weighting with the remaining 20 percent placed on steel shipments. The following table demonstrates the weighting of the two main performance measures:

Performance	ROCE Payout as a Percent of the Individual Target Award	Shipment Tons Payout as a Percent of the Individual Target Award	Total Award as a Percent of the Individual Target Award
Threshold	40%	10%	50%
Target	80%	20%	100%
Maximum	160%	40%	200%

The ROCE performance measure, with its corresponding award, is intended to keep executives focused on maximizing the Corporation s return from the use of its resources over the near-term. The steel shipment performance measure is intended to keep executives focused on operational objectives using a preference for shipments over production to avoid providing incentive to build inventory without appropriate demand for our products.

Performance goals are set each performance period based on the short-term expectations of our business and are meant to be challenging yet achievable. The appropriateness of these goals is further validated by considering the prospective business environment for the upcoming year, reviewing historical performance among our peer group of companies and a broader index of durable goods manufacturers and conducting probability analyses based on historical results. We believe these external-based analyses provide scrutiny and an optimal balance to our goal-setting process and provide the Committee with adequate information on which to base its decisions.

The Committee determines the target award for each performance period using a benchmark analysis of comparative positions at the peer group of companies (see *Setting Executive Compensation Benchmarking,* above). The target award is expressed as a percentage based on a calculation of the percent of salary each such comparative benchmark position was paid in the form of short-term incentive compensation at target performance. This percentage is applied to each executive s base salary to give the Committee the market-level short-term incentive compensation for that executive. In developing the target award, the Committee typically increases the short-term incentive compensation target by about 20 percentage points above the market median to allow the Committee to exercise discretion to reduce compensation that would otherwise be awarded in connection with the attainment of corporate performance goals depending upon the individual performance of each executive. An unreduced award would indicate superior individual performance by the executive during the performance period. Individual performance is evaluated using subjective criteria (see *Setting Executive Compensation Individual Performance* for a discussion of individual performance measures) and, in the case of executives other than the CEO, with input from the CEO.

In making its compensation decisions for the 2008 performance period, the Committee (a) considered the Committee s compensation philosophy, and overall plan design, which links pay to company financial performance for executives as well as for the vast majority of our union-represented and non-represented employees, (b) considered that the Corporation had record financial performance in 2008 and maintained strong cash and liquidity at year-end, and (c) determined that the 2008 performance goals had been achieved (see footnote 3 to the table below and the discussion under *Discussion of the Summary Compensation Table Non-Equity Incentive Plan Compensation*).

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The table below shows the 2008 target awards and the Committee s exercise of downward discretion in determining the award amount for each of the named executive officers. In the aggregate, the Committee s exercise of downward discretion effectively reduced the target awards by approximately two percent of base salary for the named executive officers for the 2008 performance period, reflecting the Committee s view that the named executive officers all performed at a superior level in accomplishing a record year for the Corporation.

Executive	Year	Individual Target Multiple[1]	Individual Target Award[2]	Corporate Performance[3]	Calculated Award[4]	Awarded Amount
J. P. Surma	2008	140%	$ 1,764,000	190%	$ 3,351,600	$ 3,250,000
J. H. Goodish	2008	105%	$ 787,500	190%	$ 1,496,250	$ 1,481,000
G. R. Haggerty	2008	100%	$ 585,000	190%	$ 1,111,500	$ 1,089,000
D. H. Lohr	2008	95%	$ 441,750	190%	$ 839,325	$ 814,000
J. D. Garraux	2008	95%	$ 451,258	190%	$ 857,389	$ 840,000

(1) Target Multiple is the number, expressed as a percentage of Base Salary, that is multiplied by the Base Salary to calculate the Target Award. Base Salary is the rate of pay determined by annualizing the salary for the last month of the performance period (e.g., December 2008 salary multiplied by 12).

(2) Target Award is the amount that would be paid to the executive assuming (a) the Corporation achieves its target performance objectives and (b) the Committee does not exercise downward discretion.

(3) The column titled Corporate Performance presents the payout rate determined by the Corporation s performance against a number of performance measures (see the following table for the calculation of the 2008 Corporate Performance Payout Rate).

Performance Measure	2008 Target Performance	2008 Actual Performance	Target Payout Rate*	Actual Payout Rate**
ROCE	<9.3%		0%	
	9.3%		40%	
	18.6%		80%	
	≥27.9%	29.8%	160%	160%
Shipment Tons (millions)	<21.8		0%	
	21.8	24.4	10%	15%
	27.2		20%	
	≥29.0		40%	
Safety		Improvement		5%
Diversity		Improvement		5%
Environmental		Improvement		5%
Corporate Performance Payout Rate				190%

* Numbers highlighted in blue represent Target Performance that would result in a 100 percent payout rate (80 percent weighting for ROCE and 20 percent weighting for Shipment Tons). Numbers highlighted in gray represent the actual performances and related payouts.

** Actual Payout Rates for ROCE and Shipment Tons are interpolated based on 2008 Actual Performances within the 2008 Target Performance ranges.

(4) The Calculated Award is the award that would be payable, absent the exercise of downward discretion by the Committee, given the Corporation s actual performance. The Calculated Award is equal to the Corporate Performance Payout Rate times the Individual Target Award.

Prior to the payment of the awards, the Committee certified in writing that the pre-established, applicable performance levels (see column titled 2008 Actual Performance in footnote (3), above) required under the 2005 Annual Incentive Compensation Plan were accomplished based on 2008 performance (for a more detailed discussion of the company performance measures and targets, see *Summary Compensation Table Discussion of the Summary Compensation Table Non-Equity Incentive Plan Compensation*).

The use of short-term incentive awards as a portion of an executive s overall compensation fits the Committee s objective of linking pay to performance because it puts a portion of the executive s compensation at risk and subjects that portion to the achievement of the Corporation s short-term performance goals.

Long-Term Incentive Awards and Stock Ownership

The objectives of the Corporation s long-term incentive program are:

- to align a portion of an executive s compensation to growth in shareholder value,
- to provide each executive a means of accumulating shares, thereby fostering the ownership culture the Corporation desires, and
- to serve as a retention device for our executives.

The long-term incentive component represents the largest portion of the overall value of the compensation program for our executive officers (see *Setting Executive Compensation Compensation Mix*). Our equity incentives are at risk, meaning they are designed to increase or decrease in value based on the movement of our stock price.

Under the executive long-term incentive program, the Committee decided that the value of each executive s market-based long-term incentive opportunity should be distributed evenly among three equity incentive vehicles (service-vesting stock options, service-vesting restricted stock units, and performance awards) in order to provide a balanced program. The Committee believes these three long-term incentive vehicles best accomplish its objectives, as indicated in the following table:

Plan Objectives	**Stock Options**	**Restricted Stock Units**	**Performance Awards**
Performance-based	X		X
Promote a long-term perspective to complement the short-term perspective of the short-term incentive program,	X	X	X
Promote an ownership culture by facilitating the accumulation and retention of shares,	X	X	X
Serve as an executive retention device for the Corporation,		X	X
Consider the historically cyclical nature of our industry and provide some stability to our overall compensation program,		X	X
Cash efficient for the Corporation by emphasizing the use of stock, and	X	X	X
Tax efficient for the Corporation.	X		X

With the assistance of its independent compensation consultant, the Committee examines the long-term incentive practices of our peer group of companies to determine the 50th percentile long-term incentive opportunity for each executive position (see *Setting Executive Compensation Benchmarking,* above). The independent consultant advises the Committee of the median reported value of the long-term incentives awarded by the peer group of companies for each executive position using a combination of public proxy statement disclosures (relevant to the top executives) and custom survey data from the peer group of companies. When developing his recommendations to the Committee, our CEO may at times apply discretion to suggest increases or decreases to the consultant s reported values based upon an evaluation of an executive s individual performance over the prior year. For 2008, the Committee approved long-term incentive awards for the named executive officers in the aggregate at the 60th percentile of the peer group of companies (Mr. Surma s award was at the 62nd percentile of the peer group). The increase over the median recognized the strong 2007 performances of the Corporation and certain of the named executive officers and reflected a size-adjustment to the awards given the fact that U. S. Steel s revenues were at the 68th percentile of the peer group for the preceding twelve months (see *Setting Executive Compensation Benchmarking*). Approved award values are converted to a number of award units (shares) using an award unit determination procedure that requires (i) the use of the fair market value

stock price on the date of grant in determining an accounting-based unit value for each award and (ii) the division of the relevant award unit value into each award value to determine the number of units (shares) awarded to each grantee on the date of grant.

The Committee believes the use of long-term incentive awards as a substantial portion of an executive s overall compensation fits the Committee s objective of linking an element of pay to long-term corporate performance because it puts a significant portion of the executive s compensation at risk and subjects that portion to changes in the Corporation s stock price. With the longer vesting terms in place for the current long-term incentive awards (prior to 2006, options vested one year from the date of grant and restricted stock could vest one year from the date of grant, depending upon performance), their retention value has been increased. Additionally, the use of long-term incentive awards as a substantial portion of an executive s compensation facilitates the Committee s executive stock ownership objectives (see *Stock Ownership and Retention Policy* below).

The Corporation does not time the release of material non-public information around the granting of equity incentive awards, nor does it time the granting of equity incentive awards around the release of material non-public information. Equity grants are usually made at the Committee s May meeting under the Long-Term Incentive Compensation Program, a program under the United States Steel Corporation 2005 Stock Incentive Plan, which was approved by the Corporation s shareholders on April 26, 2005. The date of grant is the date that the Committee approves the grant (see *Grants of Plan-Based Awards Discussion of the Grants of Plan-Based Awards Table Grant Date*), unless the Committee meets on a day the market is not open, in which case the date of grant is the next day the market is open.

Stock Options

Stock options are performance-based awards that reward executives for an increase in the Corporation s stock price over the term of the option. The value to executives is limited to any appreciation of our stock price above the option s exercise price after the option becomes exercisable and before it expires.

Stock options granted under this program have a term of ten years and vest ratably, subject to continued employment, over three years with one-third of the granted options vesting on each of the first, second and third anniversaries of the grant date (see *Potential Payments Upon Termination or Change in Control Discussion of Compensation Elements Stock Options*). The exercise price is the average of the high and low stock prices on the date of grant in accordance with the terms of the shareholder-approved United States Steel Corporation 2005 Stock Incentive Plan.

During the second half of 2008, the Corporation s stock price decreased precipitously resulting in significant losses in value to both shareholders and executives. While the stock options awarded to executives over the last four years had no value at a recent stock price and, therefore had little retention value at that time, these options have several years remaining of their original term and offer executives incentive to increase the Corporation s stock price in order to realize value from the awards.

Restricted Stock Units

Restricted stock units are awards that deliver full-value shares and accumulated dividends upon vesting. Restricted stock units vest ratably, subject to the executive s continued employment, over three years, with one-third vesting on each of the first, second and third anniversaries of the grant date (see *Potential Payments Upon Termination or Change in Control Discussion of Compensation Elements Restricted Stock (Awards and Units)*). Beginning with the May 2008 long-term incentive grant, the Committee decided to award restricted stock units instead of restricted stock awards. The main differences between the types of awards are in the treatment of dividends and in the timing of the issuance of shares. While the restricted stock awards pay dividends on all outstanding shares, the Committee believes it is more

appropriate to pay dividends only on the shares that ultimately vest. Accordingly, the dividends for restricted stock units are accumulated on a notional basis and are paid only on the shares that vest, at the time the shares vest. The shares underlying restricted stock unit awards are issued upon vesting instead of upon grant.

At the time the Committee designed the current executive compensation program, it wanted to provide at least a portion of the long-term incentives in the form of an award that would deliver full-value shares. Full-value awards provide some downside to the executives and encourage the executives not to take risks for which the upside is out of proportion to the downside. Additionally, the Committee allowed that there may be down cycles in the steel industry and/or times of market instability, not unlike the current market, during which stock options may be of little or no value to the executives. Accordingly, the Committee elected to award restricted stock units that, while they may lose some value, will continue to provide real retention value to the Corporation.

Performance Awards

Performance awards provide an incentive for executives to earn full-value shares based upon our total shareholder return, defined as stock price appreciation plus dividends, versus that of our peer group of companies over a three-year performance period (see *Potential Payments Upon Termination or Change in Control Discussion of Compensation Elements Performance Awards*). The three-year performance period begins on the third business day following the release of the Corporation s earnings for the first quarter of the grant year. Each performance period ends on the twelfth business day following the release of first quarter earnings for the year that is three years after the grant year. The Committee will compare the average stock prices of U. S. Steel and its peer group of companies over the ten business days (third business day through the twelfth business day) following the release of earnings at the beginning of the performance period with the relevant average stock prices for the corresponding ten business days at the end of the performance period. (For a more detailed discussion, see *Grants of Plan-Based Awards Discussion of the Grants of Plan-Based Awards Table Estimated Future Payouts Under Equity Incentive Plan Awards Performance Awards.*) The Committee chose to use these beginning and ending measurement periods to assure that the measurements will occur after the market has absorbed the Corporation s latest earnings information and to alleviate any concerns that shareholders may have regarding the timing of the release of material information in connection with the determination of executive compensation.

The Committee elected to award a portion of the long-term incentive awards in the form of performance awards to give executives incentive to outperform a peer group of companies on a total shareholder return basis. The fact that this award vests depending upon total shareholder return relative to a peer group provides potential retention value to the Corporation even in a difficult market to the extent that the Corporation outperforms the peer group of companies. Assuming no exercise of negative discretion by the Committee, the 2006, 2007 and 2008 performance award grants would have vested at the rates of 92%, 62% and 0% of target, respectively, had the last day of their relevant performance periods been December 31, 2008.

Performance Restricted Stock

In 2005, in anticipation of the transition to the new market-based executive compensation programs beginning in 2006, the Committee determined that it would make a one-time transition grant of performance restricted stock under the 2002 Stock Plan to bridge the transition-caused vesting gap and to provide valuable retention incentives during the initial years of the new programs. The transition grant of performance restricted stock, whose performance criteria were determined by the Committee to have been satisfied based upon 2005 performances, vested ratably over the first two years of the current long-term incentive compensation program. One-half vested in May 2007 and the other half vested in May 2008. (See footnote 2 to the *Summary Compensation Table.*)

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Stock Ownership and Retention Policy

U. S. Steel has adopted a comprehensive stock ownership and retention policy designed to support a culture of ownership among its executives for the purpose of better aligning their interests with those of the Corporation s shareholders. The Committee believes significant ownership levels will provide additional motivation to executives to perform in accordance with the interests of the Corporation s shareholders. The policy complements the Corporation s equity compensation program, thereby continually increasing the share ownership levels of our executives and providing clear guidelines as to what executives can expect to realize for compensation purposes. The program consists of two elements:

Stock ownership requirements, and

Stock retention requirements.

Our stock ownership policy requires our executives to accumulate and retain a minimum level of ownership in U. S. Steel common stock commensurate with their positions and salaries. Executives are required to meet the ownership guideline requirements within five years of their promotion to one of the following three categories by holding a number of shares equivalent in value to a multiple of their salary reference point:

Position	Multiple of Salary Reference Point
CEO	5 X
Executive Management Committee member	3 X
All other executives	1 X

Once the stock ownership requirement is met, each executive is further expected to retain at least 25 percent of all additional shares (net of any exercise costs and taxes) realized through the exercise of stock options and the vesting of restricted stock units and performance awards until the executive is eligible for retirement and he or she receives consent from the CEO to dispose of these shares. Our stock retention policy ensures a continual increase in share ownership during an executive s tenure with the Corporation.

The Committee s consultant studied stock ownership programs at the peer group of companies and at companies in the broader market. While either element of the program (ownership or retention) alone would be regarded as a market-based stock ownership program for executives, the combined approach is considered to be rigorous in that it goes beyond what the peer group of companies or other large industrial companies typically use. The Committee believes this program establishes a balance between equity compensation and equity ownership by clearly setting the stock ownership expectations of the Corporation and defining the number of shares that must be retained by the executive in connection with transactions involving the sale of stock obtained pursuant to any long-term incentive program. As of December 31, 2008, all named executive officers had exceeded their ownership requirements and had complied with the stock retention policy.

Retirement Benefits

In order to attract and retain employees, we believe that it is important to provide employees with some level of income replacement during their retirements.

Qualified Plans

Our named executive officers participate in the Corporation s two qualified retirement programs (together, the Qualified Pension Programs):

United States Steel Corporation Plan for Employee Pension Benefits, Revision of 2003 (the Steel Pension Plan) (discussed under *Pension Benefits*) and

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United States Steel Corporation Savings Fund Plan for Salaried Employees (the Steel Savings Plan) (discussed under *Summary Compensation Table Discussion of Summary Compensation Table All Other Compensation*).

The Qualified Pension Programs are designed to provide eligible employees of U. S. Steel and its affiliates with income during retirement.

Non-Qualified Plans

We provide the following three non-qualified pension programs (together, the Non-Qualified Pension Programs) to our named executive officers:

United States Steel Corporation Non Tax-Qualified Pension Plan (the Non Tax-Qualified Pension Plan),

United States Steel Corporation Executive Management Supplemental Pension Program (the Supplemental Pension Program), and

United States Steel Corporation Supplemental Thrift Program (the Supplemental Savings Program).

The Non-Qualified Pension Programs (discussed in greater detail under the *Pension Benefits* and *Nonqualified Deferred Compensation* sections) are designed to provide retirement benefits to executives and certain high-level non-executives of U. S. Steel and its affiliates. Retirement benefits provided to our CEO have been compared to those provided to chief executive officers among our peer group of companies. When expressed as a percent of pre-retirement base salary and short-term incentive awards, our CEO s retirement benefits were found to be reasonable and within the range of benefits provided to other peer group chief executive officers.

The purposes of the Non Tax-Qualified Pension Plan and the Supplemental Savings Program are to provide benefits that are not permitted to be provided under the Steel Pension Plan and Steel Savings Plan, respectively, due to certain limits established under, or that are required by, the Internal Revenue Code (Code). The benefit accrual formulas under these Non-Qualified Pension Programs are approximately equal to the formulas under the respective Qualified Pension Programs.

The purpose of the Supplemental Pension Program is to provide pension benefits for executives and certain non-executives with respect to compensation paid under the short-term incentive compensation plans maintained by the Corporation, its subsidiaries, and its joint ventures since a significant portion of an executive s annual cash compensation is comprised of at-risk incentive payments, which are awarded based on the Corporation s performance in a given year. (See the *Short Term Incentive to Total* column of the table under *Setting Executive Compensation Compensation Mix.*) By providing a retirement benefit based on pay earned through the incentive compensation plans, we avoid the incongruity of expecting executives to take more of their cash compensation in the form of variable, incentive-based compensation and, as a result, having executives receive less replacement income as a percent of cash compensation due to the exclusion of the incentive-based compensation.

Without these Non-Qualified Pension Programs, the comparative income replacement ratio for executives of U. S. Steel would be significantly less than the income replacement ratio for most non-executives who are covered only under the Qualified Pension Programs. The Committee believes it is important to our attraction and retention objectives to provide a fair income replacement for executives in retirement.

The provision of benefits under the Non-Qualified Pension Programs is subject to service-based and/or age-based restrictions. For example, unless the Corporation consents, benefits are not paid under the Non Tax-Qualified Pension Plan and the Supplemental Pension Program if the executive voluntarily terminates employment prior to the attainment of 60 years of age. We believe these restrictions help to support our retention objectives.

Letter Agreements

Generally, we employ letter agreements only under special circumstances, for example, as an inducement to work for U. S. Steel or to accept a special assignment, or as compensation for delaying a retirement or foregoing something of value. Of our current named executive officers, only Mr. Surma and Mr. Goodish have letter agreements (for a detailed description of Mr. Surma s letter agreement, see the discussion under *Pension Benefits Letter Agreement*). The Agreement with Mr. Surma was entered into as an inducement for him to join an affiliate of U. S. Steel in 1997 and was assumed by U. S. Steel in connection with its 2001 separation from Marathon Oil Corporation and Mr. Surma s agreement to transfer to U. S. Steel.

On February 23, 2009, U. S. Steel entered into an agreement with Mr. Goodish providing to him benefits similar to those provided to other executives electing to retire under the current voluntary early retirement program in exchange for his agreement to continue in his current position at least through March 2011.

The Committee believes that it may need to enter into agreements similar to those described above from time to time in order to attract experienced professionals into high-level positions, adequately staff certain positions, or retain key employees.

Other Compensation

Severance Agreements

We have change in control severance agreements in place for all executives. The Committee believes that these arrangements play an important role in allowing our executives to evaluate corporate opportunities that may be favorable for the shareholders without the accompanying concerns about the potential impact on their job security. The Committee believes these agreements would help to secure the continued employment and dedication of our executives under such circumstances.

With the exception of a possible payment in connection with an excise tax obligation (see *Potential Payments Upon Termination or Change in Control Discussion of Compensation Elements Excise Tax Gross-Up*), these payments are only triggered upon the occurrence of both a change in control of the Corporation and a termination of an executive s employment. While the current form of agreement pays three times salary and bonus upon a change in control and termination, the Committee, based upon advice from its consultant, has approved such agreements with new members of executive management at two and one-half times salary and bonus for direct reports of the CEO who are members of the Executive Management Committee and at two times salary and bonus for all other executives. See *Potential Payments Upon Termination or Change in Control* for additional information regarding the key terms and provisions and the quantification of these benefits to executives.

Perquisites

We provide a limited number of benefits to our executives that we consider perquisites within the Securities and Exchange Commission s definition. We provide them for four reasons. They (1) facilitate the executives ability to do their jobs without undue distractions or delays (e.g. parking spaces in our headquarters building, tax preparation and financial planning), (2) have clear business-related components which benefit the Corporation (e.g. club memberships, which facilitate the entertainment of customers, suppliers and other business associates), (3) provide a measure of health and safety unavailable elsewhere (e.g. limited personal use of corporate aircraft and company-paid physicals), and/or (4) provide assistance in handling the financial intricacies of our compensation programs to ensure accurate personal tax reporting. Such benefits maximize the safe and efficient use of our executives time and, by facilitating the development of commercial and other business relationships, provide a significant benefit to the Corporation and its shareholders at an immaterial cost. Except for (a) relocation and (b) tax equalization and travel related to expatriate

assignments, which gross-ups are generally provided to non-executive employees as well, we do not provide gross-up payments to cover personal income taxes that may be attributable to any of the perquisites.

Other Benefit Programs

U. S. Steel s executives participate in many of the benefits provided to non-union employees generally, including vacation and holiday benefits, insurance benefits, disability benefits, and medical and prescription drug programs. Under the insurance benefits, certain employees, including the named executive officers, have been offered the U. S. Steel Variable Universal Life Insurance program, a form of company-provided life insurance as an alternative to the Corporation s basic life insurance coverage. We believe these benefits support our overall attraction and retention objectives.

Accounting and Tax Matters

For a discussion of the accounting impacts on various elements of long-term incentive compensation, see footnote 13 to the Financial Statements in our annual report filed on Form 10-K for the year ended December 31, 2008.

Section 162(m) of the Internal Revenue Code generally disallows a public company s tax deduction for compensation paid to the CEO and the three other most highly compensated officers exceeding $1 million in compensation for any taxable year. However, qualifying performance-based compensation is not subject to the deduction limit if certain requirements are satisfied. All short-term incentive payments and all compensation attributable to stock option exercises and performance restricted stock vesting during 2008 satisfied the requirements for deductibility under Section 162(m). All service-vesting restricted stock vesting during 2008 did not satisfy the requirements for deductibility under Section 162(m). The portion of Mr. Surma s salary in excess of $1 million for 2008 does not qualify as performance-based compensation under Section 162(m) and is not deductible by the Corporation. In 2008, Messrs. Surma, Goodish and Lohr had non-performance based compensation that exceeded the $1 million threshold described above.

In determining executive compensation, the Committee considers, among other factors, the possible tax consequences to the Corporation. Tax consequences, including but not limited to tax deductibility by the Corporation, are subject to many factors (such as changes in the tax laws and regulations or interpretations thereof) that are beyond the control of the Corporation. In addition, the Committee believes that it is important for it to retain maximum flexibility in designing compensation programs that meet its stated objectives. For these reasons, the Committee, while considering tax deductibility as one of the factors in determining compensation, does not limit compensation to those levels or types of compensation that will be deductible by the Corporation.

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Summary Compensation Table

The following table sets forth certain compensation information for U. S. Steel s Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the three other most highly compensated executive officers who were serving as executive officers at the end of 2008 for services rendered to U. S. Steel and its subsidiaries during 2008 and, except for Mr. Garraux, during 2007 and 2006:

Executive & Principal Position	Year	Salary ($)	Stock Awards [1][2] ($)	Option Awards [1][3] ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value & Nonqualified Deferred Compensation Earnings [4] ($)	All Other Compensation [5] ($)	Total ($)
J. P. Surma	2008	$1,218,336	$3,670,834	$1,697,903	$3,250,000	$2,941,814	$254,989	$13,033,876
Chairman of the Board &	2007	$1,110,008	$2,563,776	$1,157,326	$1,945,000	$1,294,689	$184,070	$ 8,254,869
Chief Executive Officer	2006	$1,015,008	$1,459,709	$1,416,388	$2,450,000	$2,170,506	$128,380	$ 8,639,991
J. H. Goodish	2008	$ 725,004	$1,494,890	$ 686,216	$1,481,000	$3,376,486	$128,719	$ 7,892,315
Executive Vice President &	2007	$ 660,012	$1,087,930	$ 460,000	$ 945,000	$ 925,417	$126,117	$ 4,204,476
Chief Operating Officer	2006	$ 611,676	$ 706,263	$ 639,533	$1,150,000	$2,882,511	$103,268	$ 6,093,251
G. R. Haggerty	2008	$ 575,004	$ 951,800	$ 435,756	$1,089,000	$1,229,364	$ 93,134	$ 4,374,058
Executive Vice President &	2007	$ 541,676	$ 690,239	$ 305,697	$ 735,000	$ 449,411	$ 83,047	$ 2,805,071
Chief Financial Officer	2006	$ 500,004	$ 424,582	$ 453,478	$ 975,000	$1,214,131	$ 71,666	$ 3,638,861
D. H. Lohr	2008	$ 458,336	$ 728,579	$ 339,237	$ 814,000	$1,338,380	$546,512	$ 4,225,044
Senior Vice President-North	2007							