

UNITED STATES STEEL CORP
Form DEF 14A
March 11, 2011
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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

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))**
- 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)

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(1) Amount Previously Paid:

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United States Steel Corporation
Notice of Annual Meeting
of Stockholders and Proxy Statement
2011

Tuesday, April 26, 2011

10:00 a.m. Eastern Time

33rd Floor

U. S. Steel Tower

600 Grant Street

Pittsburgh, PA 15219

Please vote promptly either by:

- u telephone,
- u the Internet, or
- u 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 11, 2011

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 26, 2011, at 10:00 a.m. Eastern Time.

At this meeting, the agenda will include:

Election of the four nominees for Class I directors and the one nominee for Class III director recommended by the Board of Directors and identified in the Corporation's proxy statement.

Ratification of the appointment of PricewaterhouseCoopers LLP as the Corporation's independent registered public accounting firm for 2011.

Advisory vote on executive compensation.

Advisory vote on the frequency of the shareholder vote on executive compensation.

Your stockholder vote is important and we strongly urge you to cast your vote, whether or not you plan to attend the meeting. You can vote either by telephone, over the Internet or by marking, signing and returning your proxy or voting instruction card.

Sincerely,

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Notice of Annual Meeting of Stockholders

on April 26, 2011

We will hold our 2011 annual meeting of stockholders on the 33rd floor of the U. S. Steel Tower, 600 Grant Street, Pittsburgh, Pennsylvania 15219 on Tuesday, April 26, 2011, at 10:00 a.m. Eastern Time, in order to:

vote on the four nominees for Class I directors and the one nominee for Class III director recommended by the Board of Directors and identified in the Corporation's proxy statement,

vote on the ratification of the appointment of PricewaterhouseCoopers LLP as the Corporation's independent registered public accounting firm for 2011,

conduct an advisory vote on executive compensation,

conduct an advisory vote on the frequency of the shareholder vote on executive compensation, 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 25, 2011.

Either an admission ticket or proof of ownership of United States Steel Corporation common stock, as well as a form of personal photo identification, must be presented in order to be admitted to the annual meeting. If you are a shareholder of record, your admission ticket is attached to your proxy card. If your shares are held in the name of a broker, nominee or other intermediary, you must bring proof of ownership with you to the meeting. A recent account statement, letter or proxy from your broker, nominee or other intermediary will suffice.

By order of the Board of Directors,

Craig D. Mallick

Secretary

Dated: March 11, 2011

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 26, 2011**

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

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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 26, 2011 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 2010 annual report on or about March 11, 2011.

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 25, 2011.

☛ **What may I vote on?**

You may vote on:

the election of the four nominees for Class I directors and the one nominee for Class III director recommended by the Board of Directors and identified on pages 21-23 of this proxy statement,

the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2011,

the advisory vote on executive compensation, and

the advisory vote on the frequency of the shareholder vote on executive compensation.

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

The Board recommends that you vote:

FOR each of the nominees for director,

FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2011,

FOR approval of the Corporation's executive compensation, and

FOR one year as the frequency of the advisory vote on executive compensation.

☞ **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 of the nominees for director, **FOR** ratification of the appointment of PricewaterhouseCoopers LLP, **FOR** approval of the Corporation's executive compensation and **FOR** one year as the frequency of the advisory vote on executive compensation. 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, if you hold your shares in

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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,

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 25, 2011, which is the record date for the meeting, there were 143,763,048 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 considered passed?

Proposal 1 Election of Directors. 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.

Proposal 2 Ratification of Appointment of Independent Registered Public Accounting Firm The ratification of the appointment of the independent registered public accounting firm must be approved by a majority of the votes of the shares present in person at the meeting or represented by proxy and entitled to vote.

Proposal 3 Advisory Vote on Executive Compensation. The advisory vote on executive compensation requires a majority of the votes of the shares present in person at the meeting or

represented by proxy and entitled to vote. Because this vote is advisory, it will not be binding on the Board or the Corporation; however, the Board and its Compensation & Organization Committee will review the voting results and take them into consideration when making future executive compensation decisions.

Proposal 4 Advisory Vote on Frequency of Shareholder Vote on Executive Compensation The advisory vote regarding the frequency of the shareholder vote on executive compensation will be determined by a plurality of the votes cast. Because this vote is advisory, it will not be binding on the Board or the Corporation; however, the Board will review the voting results

and take them into consideration when making future decisions regarding the frequency of the advisory vote on executive compensation.

☞ 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. Proposal 2 is a routine matter on which brokers may vote in this way. Brokers may not vote their customers' shares on non-routine matters unless they have received voting instructions from their customers. Proposals 1, 3 and 4 are all non-routine matters. Non-voted shares on non-routine matters are called broker non-votes.

What is the effect of abstentions and broker non-votes?

Both abstentions and broker non-votes are counted in determining that a quorum is present for the meeting. An abstention will have no effect on the election of directors or on the advisory vote on the frequency of the shareholder vote on executive compensation, but will have the same legal effect as a vote against the proposals to ratify the appointment of the independent registered public accounting firm and the advisory vote on executive compensation. Broker non-votes will have no effect on any of the proposals since they are not considered shares entitled to vote on the proposals.

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☛ 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 28, 2010, and no later than January 27, 2011, 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.

☛ Who can attend the annual meeting?

Only shareholders as of the record date, or individuals that those shareholders have duly appointed as their proxies, may attend the annual meeting of stockholders. Either an admission ticket or proof of ownership of United States Steel Corporation common stock, as well as a form of personal photo identification, must be presented in order to be admitted to the annual meeting. If you are a shareholder of record, your admission ticket is attached to your proxy card. If your shares are held in street name (that is through a broker, nominee or other intermediary), you must bring proof of ownership with

you to the meeting. A recent account statement, letter or proxy from your broker, nominee or other intermediary will suffice.

☛ When must shareholder proposals be submitted for inclusion in the proxy statement for the 2012 annual meeting?

If a shareholder wants to present a proposal at the 2012 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 12, 2011.

☛ What is the deadline for a shareholder to submit an item of business or other proposal for consideration at the 2012 annual meeting?

Our by-laws describe the procedures that must be followed in order for a stockholder of record to present an item of business at an annual meeting of stockholders. Shareholder proposals or other items of business for the 2012 annual meeting that are not intended to be included in the proxy statement must be received from stockholders of record on or after December 28, 2011 and no later than January 27, 2012 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 2012 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 2012 annual meeting, notice must be received by the Secretary on or after December 28, 2011 and no later than January 27, 2012. 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.

Table of Contents**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 eight times in 2010. 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 2010. 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 2010 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: Dan O. Dinges, John G. Drosdick, Richard A. Gephardt, Charles R. Lee, Frank J. Lucchino, Glenda G. McNeal, Seth E. Schofield, Graham B. Spanier, David S. Sutherland and Patricia A. Tracey. The new nominee for director, John J. Engel, is also independent under these standards. In addition, the Board has affirmatively determined that none of these directors or nominees for director 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 the fact that U. S. Steel purchased certain goods and services from WESCO International, Inc. in 2010. Mr. Engel, a nominee for election as a Class III director, is the President, Chief Executive Officer and Director of WESCO. The Board determined that Mr. Engel did not have a direct or indirect material interest in these transactions and that the transactions were undertaken in the ordinary course of business. In addition, the amount of payments made by U. S. Steel were significantly less than 2% of WESCO's annual gross revenues. As a result, the Board concluded that these transactions would not affect Mr. Engel's independence.

Director Retirement Policy

Our by-laws provide that no individual shall stand for election as a director after attaining the age of 72. Employee directors must retire from the Board when they cease to be a principal officer of the Corporation, except that the Chief Executive Officer (CEO) may remain on the Board after retirement as an employee, at the Board's request, through the last day of 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 2010.

Director	Audit Committee	Compensation & Organization Committee	Corporate
			Governance & Public Policy Committee
Dan O. Dinges	X	X	
John G. Drosdick		X*	
Richard A. Gephardt	X		X
Charles R. Lee	X*	X	
Frank J. Lucchino			X*
Glenda G. McNeal	X		X
Seth E. Schofield		X	
Graham B. Spanier	X		X
David S. Sutherland		X	X

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Patricia A. Tracey		X	X
Number of Meetings in 2010	6	8	6

* Chairman

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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 ratification), 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 named Charles R. Lee, the Committee's chairman, as the audit committee financial expert within the SEC's definition. Mr. Lee is independent as that term is defined by the New York Stock Exchange and the SEC.

Compensation & Organization Committee

Pursuant to its Charter, the Compensation & 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;

assessing whether the Corporation's compensation and organization policies and practices for executives and non-executives are reasonably likely to create a risk that could have a material adverse effect on the Corporation,

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 the Corporation's 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 (eight times in 2010). 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 Pay Governance 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 (there were no services performed for management in 2010). 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.

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