UNITED STATES STEEL CORP
Form DEF 14A
March 13, 2015

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.)

þ Filed by the Registrant o Filed by a Party other than the Registrant

Check the appropriate box:
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Notice of Annual Meeting of Stockholders
and Proxy Statement

2015

Tuesday, April 28, 2015
10:00 A.M. Eastern Time

U. S. Steel Tower
600 Grant Street
33rd Floor
Pittsburgh, PA 15219

Voting can be completed in one of four ways:

returning the proxy card by mail	online at www.proxyvote.com
through the telephone at 1-800-690-6903	or attending the meeting to vote IN PERSON

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

Mario Longhi
President
and Chief Executive Officer

March 13, 2015

Dear Fellow U. S. Steel Stockholder:

The Annual Meeting of Stockholders of the United States Steel Corporation will be held on the thirty-third floor of the U. S. Steel Tower, 600 Grant Street, Pittsburgh, Pennsylvania 15219, on Tuesday, April 28, 2015, at 10:00 a.m. Eastern Time.

At this meeting, the agenda will include the following:

- Election of four director nominees recommended by the Board of Directors;
- An advisory vote regarding the approval of the compensation paid to certain executive officers;
- Re-approval of the Annual Incentive Compensation Plan; and
- Ratification of the appointment of PricewaterhouseCoopers LLP as the Corporation's independent registered public accounting firm for 2015.

Every vote is important and we strongly urge you to cast your vote in support of the Board's recommendation regarding the above items, 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. You can also vote in person if you attend the Annual Meeting.

On behalf of the Board of Directors, the Corporation, and its Stockholders, I would like to express my sincere gratitude to The Honorable Richard A. Gephardt, Mr. Charles R. Lee, Mr. Seth E. Schofield, and Mr. Thomas W. LaSorda, who each are retiring as of the date of our Annual Meeting in April, for their distinguished service to our company. I would also like to extend our thanks to the Honorable Robert A. McDonald, who retired from the Board in July 2014 to serve as the United States Secretary of Veterans Affairs, for his service to the Board and Corporation.

Our journey continues.

Sincerely,

Mario Longhi

President & Chief Executive Officer
and Member of the Board of Directors

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

DATE: Tuesday, April 28, 2015

TIME: 10:00 A.M., Eastern Time

PLACE: U. S. Steel Tower, 600 Grant Street, 33rd Floor, Pittsburgh, PA 15219

To the Stockholders of United States Steel Corporation

The Annual Meeting of Stockholders of the United States Steel Corporation will be held at the U. S. Steel Tower, 600 Grant Street, thirty-third floor, Pittsburgh, PA 15219 on Tuesday, April 28, 2015 at 10:00 a.m., Eastern Time, for the following purposes, as more fully set forth in the attached proxy statement:

1. To elect four directors nominated by our Board of Directors;

2. To consider and act on an advisory vote regarding the approval of compensation paid to certain executive officers;

3. To re-approve the Corporation's Annual Incentive Compensation Plan;

4. To ratify the appointment of PricewaterhouseCoopers LLP as the independent public registered accounting firm for fiscal year 2015; and

5. To transact any other business properly brought before the meeting and any adjournment or postponement thereof.

Voting can be completed in one of four ways:

returning the proxy card by mail	online at www.proxyvote.com
through the telephone at 1-800-690-6903	or attending the meeting to vote IN PERSON

Only holders of record of the common stock of United States Steel Corporation at the close of business on February 27, 2015, the record date fixed by the Board of Directors, will be entitled to vote on each matter submitted to a vote of stockholders at the meeting. To assure your representation at the Annual Meeting, you are urged to cast your vote, as instructed in the Notice of Internet Availability of Proxy Materials, over the Internet or by telephone as promptly as possible. You may also request a paper proxy card to submit your vote by mail, if you prefer.

Any stockholder of record attending the Annual Meeting may vote in person, even if she or he has voted over the Internet, by telephone or returned a completed proxy card. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you must obtain a valid form issued in your name from that record holder. Each holder of common stock is entitled to one vote for each share of stock standing in the name of the holder on the records of United States Steel Corporation at the close of business on February 27, 2015.

BY ORDER OF THE BOARD OF DIRECTORS

Arden T. Phillips

Corporate Secretary

March 13, 2015

IMPORTANT NOTICE: The proxy statement and annual report of the United States Steel Corporation are available at www.proxyvote.com

ADMISSION TO MEETING: Admission to the Annual Meeting will be limited to persons who: (a) are listed on United States Steel Corporation's records as stockholders as of February 27, 2015 (the "record date"); or (b) bring documentation to the meeting that demonstrates their beneficial ownership of the Corporation's common stock through a broker, bank or other nominee as of the record date; and (c) present a form of government-issued photo identification.

PROXY STATEMENT TABLE OF CONTENTS

United States Steel Corporation - 2015 Proxy Statement

U. S. STEEL TOWER
600 GRANT STREET
PITTSBURGH, PA 15219

PROXY STATEMENT
MARCH 13, 2015

INFORMATION REGARDING THE ANNUAL MEETING

This proxy statement is provided in connection with a solicitation of proxies by the Board of Directors of United States Steel Corporation to be used at the Annual Meeting of Stockholders to be held on Tuesday, April 28, 2015 at 10:00 a.m., Eastern Time, and at any adjournment or postponement thereof. The Annual Meeting will be held at the U. S. Steel Tower, 600 Grant Street, thirty-third floor, Pittsburgh, PA 15219. This proxy statement is first being provided to our stockholders on or about March 13, 2015. Throughout this proxy statement, "U. S. Steel," the "Corporation," "we," "our," or "us" are intended to refer to the United States Steel Corporation and its consolidated subsidiaries, unless specifically indicated otherwise. You are invited to attend the Annual Meeting, and we request that you vote on the

proposals described in this proxy statement as recommended by the Board of Directors. You do not need to attend the meeting to vote your shares. If you have received a printed copy of these materials by mail, you may complete, sign and return your proxy card, or submit your proxy vote by telephone or over the Internet. If you did not receive a printed copy of these materials by mail and are accessing them via the Internet, you may follow the instructions under the heading, "Questions and Answers About the Annual Meeting and Voting" beginning on page 63 of this proxy statement to submit your proxy vote via the Internet or by telephone. Also, other information about voting is provided under the heading, "Questions and Answers About the Annual Meeting and Voting."

Voting can be completed in one of four ways:

returning the proxy card by mail	online at www.proxyvote.com
through the telephone at 1-800-690-6903	or attending the meeting to vote IN PERSON

PROXY SUMMARY

This proxy summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider and you should read the entire proxy statement before voting. For more information

regarding the Corporation's 2014 performance, please see the Compensation Discussion and Analysis section of this proxy statement and the Corporation's Annual Report on Form 10-K for the year-ended December 31, 2014.

OVERVIEW of Voting Matters

Stockholders are being asked to vote on the following matters at the 2015 Annual Meeting of Stockholders:

	Board Recommendation
ITEM 1. Election of Directors (page 6) The Board believes that the combination of the various qualifications, skills and experiences of the director nominees would continue to contribute to an effective and well-functioning Board and that, individually and as a whole, the director nominees possess the necessary qualifications to provide effective oversight of the business and quality advice and counsel to the Corporation's management.	**FOR** each Director Nominee
ITEM 2. Advisory Vote to Approve Compensation of Certain Executive Officers (page 23) The Corporation seeks a non-binding advisory vote from its stockholders to approve the compensation of the executive officers listed in the compensation tables of this proxy statement. The Board values the opinions of stockholders and the Compensation & Organization Committee will take into account the outcome of the advisory vote when considering future executive compensation decisions.	**FOR**
ITEM 3. Re-Approval of the Corporation's Annual Incentive Compensation Plan (page 59) The Board recommends the re-approval of the Annual Incentive Compensation Plan (the "Incentive Plan"). We are requesting re-approval by stockholders of the material terms of the performance goals of the Incentive Plan so that compensation payable under the Incentive Plan to certain executive officers remains tax deductible under Section 162(m) of the Internal Revenue Code.	**FOR**
ITEM 4. Ratification of the Appointment of PricewaterhouseCoopers LLP as Independent Auditors (page 62) The Audit Committee has appointed PricewaterhouseCoopers LLP to serve as the independent registered public accounting firm of the Corporation for the 2015 fiscal year. The Audit Committee and the Board believe that the continued retention of PricewaterhouseCoopers LLP to serve as the independent registered public accounting firm is in the best interests of the Corporation and its stockholders. Stockholders are being asked to ratify the Audit Committee's selection of the Corporation's independent auditors.	**FOR**

CORPORATE GOVERNANCE (PAGE 13)

The Corporation is committed to good corporate governance, which promotes the long-term interests of stockholders, strengthens Board and management accountability, and helps build public trust in the Corporation. Our governance highlights include:

- Annual Election of each Director by 2017
- 14 Directors (12 Independent)
- Independent Audit, Compensation & Organization and Corporate Governance & Public Policy Committees
- Regular Executive Sessions of Independent Directors
- Risk Oversight by Full Board and Committees
- Annual Board and Committee Self-Evaluations
- Long-standing Commitment toward Sustainability
- Executive Compensation Driven by Pay For Performance Philosophy

- Stock Ownership Guidelines for Executives
- Best in Class Commitment Regarding Compliance
- Each standing Board committee has a written charter approved by the Board
- Annual Stockholder Outreach and Engagement
- A robust Code of Ethical Business Conduct that is based on the Corporation's Gary Principles which comprised the first code of business ethics to be adopted by a U. S. corporation
- Our Board and its committees, at their sole discretion, may hire independent advisers, including counsel, at the Corporation's expense

PROXY SUMMARY

Key Features of Our Executive Compensation Program

The Compensation & Organization Committee (the "Committee"), which consists solely of independent directors, has implemented the following best practices with respect to executive compensation:

What We Do

The Committee considers the results of the most recent say-on-pay advisory vote by stockholders and has implemented proactive communications with stockholders in order to gain input and feedback when making executive compensation decisions;

The Committee reserves time at each meeting to convene an executive session (without management);

The Committee has engaged its own independent compensation consultant, and annually assesses the consultant's performance and independence;

The Committee, with the full Board, engages in formal goal setting and performance evaluation processes with the Chief Executive Officer;

The Committee has established formal selection criteria for its peer group and annually reviews the composition of the peer group;

The Committee annually reviews tally sheets analyzing executive compensation, wealth accumulation and potential amounts to be paid upon various termination scenarios;

The Committee annually reviews the risks associated with our compensation programs and mitigates the risks by:

- paying the majority of our executives' compensation in equity;
- implementing rigorous executive stock ownership requirements;
- utilizing multiple performance measures that focus on company-wide metrics; and
- placing a cap on potential incentive payments;

Our Long-Term Incentive Compensation Plan requires a "double trigger" in order for any unvested awards to vest following a change in control, so termination of the executive's employment is a condition to accelerated vesting; and

Our Recoupment Policy applies to executive officers and provides for the recoupment of incentive awards under certain conditions in the event the Corporation's financial statements are restated.

What We Don't Do

Our Anti-Hedging and Pledging Policy prohibits all employees and directors from engaging in any transaction that is designed to hedge or offset any decrease in our stock price and, subject to certain conditions, prohibits executive officers and directors from pledging our stock as collateral for a loan or holding shares in a margin account;

We do not pay tax gross-ups to any employee for any payments relating to a change in control; and

We do not reprice options.

YEAR 2014 IN REVIEW

Fiscal year 2014 was the first full year of a multi-year transformational journey for U. S. Steel. The transformation is designed and is being implemented by a new leadership team led by Mr. Longhi, our President and Chief Executive Officer. We have titled the transformation "The Carnegie Way," to draw inspiration from and build a strong link to the unique culture and history of U. S. Steel, the iconic American corporation.

Our vision to strengthen our stature as the "Iconic Corporation" and a leading business in the United States consists of two phases. In Phase 1, we are focused on "earning the right to grow," which means generating positive economic profit through the business cycle. In Phase 2, we will focus on driving profitable growth.

PROXY SUMMARY

The Carnegie Way transformation is comprehensive and sweeping in its scope. We have defined and launched implementation of a new business strategy that focuses on creating greater customer intimacy, operational excellence (including safety, reliability, quality, lead times and cost) and increasing investment in research and development.

The Carnegie Way is delivering results faster than expected. 2014 was a year of very strong financial performance for the Corporation as demonstrated by the following highlights:

2014 Highlights

Across a range of metrics, it was U. S. Steel's best financial performance since 2008, including $1.5 billion of cash flow from operations;

Over $1.0 billion in Income From Operations for reportable segments and other businesses, the best year since 2008, when North American hot-rolled coil prices were significantly higher;

Return on Capital Employed (ROCE) improved to 12.6% from 2% in 2013;

$575 million of The Carnegie Way benefits realized in 2014;

Strong liquidity at $3.1 billion; and

Strong balance sheet, with net debt reduced by $1.2 billion and pension and other post-employment benefit deficits reduced by $1.0 billion.

As shown in the table below, the 2014 financial results are a significant improvement over the Corporation's performance in 2013.

In addition, our stock price reached a high in 2014 of $46.55, an increase of approximately 58% from our year-end 2013 stock price of $29.50. However, by the end of 2014, our stock price had declined, despite no publicly released performance update, resulting in a negative total shareholder return (TSR) for 2014. We believe the decline in our stock price was primarily due to investor expectations shaped by a volatile global market, including lower oil prices, lower steel prices and the impact of the stronger U.S. dollar and the effect of global overcapacity on imports and our operations.

While our stock price was impacted by these external factors, we are creating a lower cost and more flexible business model that is intended to produce more consistent earnings across the business cycles. The stock has still shown positive returns over the past 18 months, despite spot hot-rolled coil prices being over $100/ton lower than they were in September 2013. These returns indicate the market continues to recognize some of the progress we have made to date.

PROXY SUMMARY

STOCKHOLDER ENGAGEMENT AND SAY-ON-PAY

Since **2012**, we have extended invitations to our major stockholders to discuss our executive compensation program and plan to continue this dialogue in the future.

In **2013**, some stockholders indicated that they would like to see (i) a larger percentage of our equity grants in our long-term incentive plan be performance-based and (ii) the inclusion of two performance measures in the plan. Accordingly, the Committee revised the plan for 2014 to increase the performance awards from 40% to 60% of the total awards and, for the performance awards, added ROCE as a second performance measure to the existing relative TSR measure. The performance awards were divided equally between: (1) awards dependent upon our TSR compared to the TSR of the companies in our peer group, and (2) awards dependent upon our weighted average ROCE over the three year performance period. The 2014 changes to the plan are shown in the tables below:

LONG-TERM INCENTIVE PLAN CHANGES

Equity Vehicle	**2013 Weighting**	**2014 Weighting**
Performance Awards	40%	60%
Stock Options	30%	20%
Restricted Stock Units	30%	20%

PERFORMANCE AWARDS CHANGES

Year	**Metric**	**Weighting**	**Threshold**	**Target**	**Maximum**
2013	Relative TSR	100%	30th percentile	60th percentile	90th percentile
2014	Relative TSR	50%	30th percentile	60th percentile	90th percentile
	ROCE	50%	50% of Target	100% of Target	150% of Target

The Committee believes that these changes address the views expressed by our stockholders and support management's efforts to transform the Corporation and return it to sustainable profitability.

Prior to our **2014** Annual Meeting, we contacted 18 of our largest stockholders representing over 40% of our outstanding shares and held telephonic meetings with stockholders representing ownership of approximately 26% of our outstanding stock to discuss our executive compensation program. All of the stockholders we spoke with provided positive feedback on the changes made for 2014. At our 2014 Annual Meeting, 78.5% of the votes cast were "For" our advisory vote on executive compensation (i.e., "say-on-pay" vote), up from 64.7% in 2013.

In advance of our **2015** Annual Meeting, we contacted 16 of our largest stockholders representing over 50% of our outstanding shares and held telephonic meetings with stockholders representing ownership of approximately 30% of our outstanding stock. None of the stockholders suggested any specific changes to our executive compensation program for 2015. Despite the increase in stockholder support for our executive compensation program, the Committee elected to modify the compensation program for 2015 to further align pay with performance. Specifically, the 2015 Annual Incentive Compensation Plan (AICP) was revised to replace shipment tons with net sales as the measure used as the funding trigger threshold. This change is intended to focus the Corporation on value creation rather than volume of tons shipped. If we do not achieve the funding trigger threshold, no payments will be made under the AICP for 2015.

PROPOSAL 1: ELECTION OF DIRECTORS

U. S. Steel's classified board structure is currently being phased out over a three-year period, beginning with the 2015 Annual Meeting of Stockholders. At the Annual Meeting, four directors are up for election. Two of these directors were previously Class II directors and two joined the Board on January 1, 2015. Mr. Thomas W. LaSorda has informed the Board that he will not stand for re-election at the Annual Meeting due to personal reasons. Each nominee will be elected to serve until our next annual meeting of stockholders. All of the nominees are presently members of the Board of Directors. The Board is recommending that all four nominees be elected.

Except in the case of contested elections, each director is elected if a majority of the votes are cast for that director's election. The term "a majority of the votes cast" means that the number of votes cast "for" a director's election exceeds the number of votes cast "against" the director's election, with abstentions and broker non-votes not counted as votes cast either "for" or "against" the director's election. A "contested election" is one in which the number of nominees exceeds the number of directors to be elected at the meeting.

If a nominee who is currently serving as a director is not re-elected, Delaware law provides that the director would continue to serve on the Board until the director's successor is duly elected and qualified or until the director's earlier resignation or removal. Under our by-laws, in order for any incumbent director to become a nominee for election by the stockholders as a director, that director must tender an irrevocable offer to resign from the Board of Directors,

contingent upon acceptance of such offer of resignation by the Board of Directors, if the director fails to receive a majority of the votes cast in an election that is not a contested election. If an incumbent director fails to receive a majority of the votes cast in an election that is not a contested election, the Corporate Governance & Public Policy Committee, or such other independent committee designated by the Board of Directors, must make a recommendation to the Board of Directors as to whether to accept or reject the offer of resignation of the incumbent director, or to take other action.

The Board of Directors must act on the offer of resignation, taking into account the committee's recommendation, within 90 days following certification of the election results. Each of the Corporate Governance & Public Policy Committee, in making its recommendation, and the Board of Directors, in making its decision, may consider such factors and other information as it may consider appropriate and relevant to the circumstances.

A brief statement about the background and qualifications of each nominee and each continuing director is provided on the following pages. No director has a familial relationship to any other director, nominee for director or executive officer. The independence of Board members and other information related to the Board of Directors is described under the heading, "Corporate Governance" in this proxy statement.

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.

Election of Directors

The Board of Directors recommends a vote
“FOR” the election of each of the following four 2015 Director Nominees:

PATRICIA DIAZ DENNIS
AGE: 68
OCCUPATION: Retired Senior Vice President and Assistant General Counsel, AT&T
DIRECTOR SINCE: 2015
BOARD COMMITTEES: Corporate Governance & Public Policy and Compensation & Organization
OTHER BOARDS: Massachusetts Mutual Life Insurance Company and Entravision Communication Corporation

Patricia Diaz Dennis graduated from the University of California Los Angeles and received her law degree from the Loyola Law School of Loyola Marymount University. Ms. Dennis has held three Senate-confirmed federal government appointments. Former President Ronald Reagan named her to the National Labor Relations Board in 1983 and appointed her as a commissioner of the Federal Communications Commission three years later. After becoming partner and head of the communications department of Jones, Day, Reavis & Pogue, Ms. Dennis returned to public service in 1992 when former President George H. W. Bush appointed her Assistant Secretary of State for Human Rights and Humanitarian Affairs. Ms. Dennis served in a variety of executive positions with SBC Communications, Inc., which later became AT&T, including General Counsel and Secretary of SBC West from May 2002 until August 2004 and Senior Vice President and Assistant General Counsel of AT&T from 2004 to 2008. Ms. Dennis currently serves on the boards of Massachusetts Mutual Life Insurance Company and Entravision Communication Corporation. She also is a trustee of the NHP Foundation and a member of the Advisory Board for LBJ Family Wealth Advisors.

Particular experience, attributes or skills that qualify candidate for Board membership: Ms. Dennis’ legal expertise and federal government public service contributes to her skills in the areas of risk management, compliance, internal controls, and legislative and administrative issues. Additionally, her National Labor Relations Board experience will bring significant union relations insight and expertise to the Board. These factors, along with her long record of demonstrated executive leadership and integrity, indicate that Ms. Dennis would provide valued insight and perspective to Board deliberations and in the oversight of the Corporation’s operations. Ms. Dennis’ experience on the board of directors of a large insurance firm also demonstrates her knowledge of complex financial and operational issues. Ms. Dennis was appointed to three federal government positions, which provides her with unique insight with respect to regulatory and public policy matters, both of which strengthen the board’s collective knowledge, capabilities and experience.

MARIO LONGHI
AGE: 60
OCCUPATION: President and Chief Executive Officer, United States Steel Corporation
DIRECTOR SINCE: 2013

Mario Longhi received a bachelor's degree in metallurgical engineering from the Institute Mauáde Tecnologica in São Paulo, Brazil in 1977. He joined Alcoa, Inc. in 1982 where he served until 2005 in a variety of senior management positions. He was President of Gerdau Ameristeel Corporation from 2005 to 2006 and President and Chief Executive Officer from 2006 to 2011. Mr. Longhi was elected Executive Vice President and Chief Operating Officer of United States Steel Corporation in July 2012; President and Chief Operating Officer in June 2013; and President & Chief Executive Officer and a Director in September 2013.

Particular experience, attributes or skills that qualify candidate for Board membership: As the President and Chief Executive Officer, Mr. Longhi is responsible for all of the business and corporate affairs of U. S. Steel. His diverse experience and deep knowledge of the steel industry is crucial to the Corporation's strategic planning and operational success. As the only employee-director on the Board, Mr. Longhi is able to provide the Board with an "insider's view" of what is happening in all facets of the Corporation. He shares not only his vision for the Corporation, but also his hands-on experience as a result of his daily management of the Corporation and constant communication with employees at all levels. His insider's perspective provides the Board with invaluable information necessary to direct the business and affairs of the Corporation.

Election of Directors

2015 Director Nominees - continued

ROBERT J. STEVENS
AGE: 63
OCCUPATION: Retired Chairman of the Board, President and CEO, Lockheed Martin Corporation
DIRECTOR SINCE: 2015
OTHER BOARDS: Monsanto Company

Robert J. Stevens is a summa cum laude graduate of Slippery Rock University, from which he received the Distinguished Alumni Award. He earned a master's degree in engineering and management from the Polytechnic University of New York and, with a Fairchild Fellowship, earned a master's degree in business from Columbia University. He is a graduate of the Department of Defense Systems Management College Program Management course and also served in the United States Marine Corps.

Mr. Stevens is the former Chairman, President and Chief Executive Officer of Lockheed Martin Corporation. He was elected Chairman in April 2005 and served as Executive Chairman from January through December 2013. He also served as Lockheed Martin's Chief Executive Officer from August 2004 through December 2012. Previously, he held a variety of increasingly responsible executive positions with Lockheed Martin, including President and Chief Operating Officer, Chief Financial Officer, and head of Strategic Planning. Mr. Stevens is a member of the board of directors of the Congressional Medal of Honor Foundation, the Marine Corps Scholarship Foundation and the Atlantic Council, and is a member of the Council on Foreign Relations. He is a Fellow of the American Astronautical Society, the American Institute of Aeronautics and Astronautics (AIAA), the Royal Aeronautical Society, and the International Academy of Astronautics. He serves on President Obama's Advisory Committee for Trade Policy Negotiations and is Chairman of the Director of National Intelligence Senior Advisory Group.

Particular experience, attributes or skills that qualify candidate for Board membership: Mr. Stevens has valuable experience in managing the issues that face a publicly held company as a result of his service as Chairman, President and Chief Executive Officer of Lockheed Martin. Mr. Stevens has significant experience in program management, finance, manufacturing, and operations. Mr. Stevens' experience as Chief Executive Officer of a Fortune 100 company demonstrates his leadership capability, general business acumen and knowledge of complex financial and operational issues that large public companies face.

DAVID S. SUTHERLAND (CHAIRMAN)
AGE: 65
OCCUPATION: Retired President and Chief Executive Officer, IPSCO, Inc.
DIRECTOR SINCE: 2008
OTHER BOARDS: GATX Corporation and Imperial Oil, Ltd

David S. Sutherland earned a Bachelor of Commerce degree from the University of Saskatchewan and a Master of 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 became the non-executive Chairman of the Board of U. S. Steel on January 1, 2014. Mr. Sutherland is a director of GATX Corporation and Imperial Oil, Ltd. Mr. Sutherland is a former chairman of the American Iron and Steel Institute and served as a member of the board of directors of IPSCO, Inc., ZCL Composites Inc., the Steel Manufacturers Association, the International Iron and Steel Institute, the Canadian Steel Producers Association and the National Association of Manufacturers.

Particular experience, attributes or skills that qualify candidate for Board membership: By virtue of his diverse background and experience, Mr. Sutherland has an extraordinarily broad and deep knowledge of the steel industry. As a former Chief Executive Officer, Mr. Sutherland understands the issues facing executive management of a major corporation. His prior experiences enable him to provide the Board with valuable insights on a broad range of business, social and governance issues that are relevant to large corporations.

Election of Directors

The following current Directors will stand for election in 2016:

DAN O. DINGES
AGE: 61
OCCUPATION: Chairman, President and Chief Executive Officer, Cabot Oil & Gas Corporation
DIRECTOR SINCE: 2010
BOARD COMMITTEES: Audit and Compensation & Organization
OTHER BOARDS: Spitzer Industries, Inc.

Dan O. Dinges graduated from the University of Texas with a Bachelor of Business Administration degree in Petroleum Land Management. Mr. Dinges began his career with Mobil Oil Corporation in 1978. From 1981 to 2001, Mr. Dinges worked in a variety of management positions with Samedan Oil Corporation, a subsidiary of Noble Affiliates, Inc. (now Noble Energy Inc.). In September 2001, Mr. Dinges joined Cabot Oil & Gas Corporation as its President and Chief Operating Officer, and assumed his current position as Chairman, President and Chief Executive Officer in May 2002. Mr. Dinges serves on the board of directors of Spitzer Industries, Inc., America's Natural Gas Alliance, the American Exploration & Production Council, the Foundation for Energy Education, Houston Medical Hospital Research Institute, Boy Scouts of America, and Palmer Drug Abuse Program. Mr. Dinges previously served on the board of directors of Lone Star Technologies, Inc. Mr. Dinges is also a member of the All-American Wildcatters Association.

Particular experience, attributes or skills that qualify candidate for Board membership: Mr. Dinges has substantive experience in managing and overseeing strategic and operational matters as a result of his service as Chairman, President and Chief Executive Officer of Cabot Oil & Gas Corporation. Mr. Dinges also possesses knowledge of and insight into the steel industry through his prior service as a director of Lone Star Technologies, Inc. In addition, he provides the Board with an insightful perspective regarding the energy industry, an important supplier to, and customer of, the Corporation. Mr. Dinges' experience as Chairman, President and Chief Executive Officer of Cabot Oil & Gas Corporation demonstrates his leadership capability and general business acumen.

JOHN G. DROSDICK
AGE: 71
OCCUPATION: Retired Chairman, Chief Executive Officer and President, Sunoco, Inc.
DIRECTOR SINCE: 2003
BOARD COMMITTEES: Compensation & Organization (Chair)
OTHER BOARDS: Triumph Group, Inc.

John G. Drosdick graduated from Villanova University with a Bachelor of Science degree in chemical engineering and received a master's degree in chemical engineering from the University of Massachusetts. From 1968 to 1983, Mr. Drosdick worked in a wide variety of management positions with Exxon Corporation. 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 Chairman of the Board of Trustees of the

PNC Funds and PNC Advantage Funds and a director of Triumph Group, Inc. Mr. Drosdick previously served on the board of directors of H.J. Heinz Co., Lincoln National Corporation and Sunoco Logistic, Inc.

Particular experience, attributes or skills that qualify candidate for Board membership: Mr. Drosdick has valuable experience in managing the many complex issues large public companies face. In addition, he provides the Board with knowledge and insight regarding the energy industry, an important supplier to, and customer of, the Corporation. He also has experience in the chemicals and coke industries. Mr. Drosdick has valuable experience in managing critical operational, financial and strategic matters as a result of his service as Chairman and Chief Executive Officer of Sunoco, Inc.

The following current Director will stand for election in 2016:

JOHN J. ENGEL
AGE: 53
OCCUPATION: Chairman, President and Chief Executive Officer, WESCO International, Inc.
DIRECTOR SINCE: 2011
BOARD COMMITTEE: Audit (Chair)

John J. Engel graduated from Villanova University in 1984 with a Bachelor of Science degree in Mechanical Engineering. He received his Master of Business Administration from the University of Rochester in 1991. Mr. Engel began his career with General Electric Company where he held various engineering, manufacturing and general management positions from 1985 to 1994. From 1994 to 1999, Mr. Engel served as Vice President and General Manager of Allied Signal, Inc.; from 1999 to 2002, as Executive Vice President and Senior Vice President of Perkin Elmer, Inc.; and from 2003 to 2004, as Senior Vice President and General Manager of Gateway, Inc. Mr. Engel joined WESCO International, Inc. in 2004 and served as Senior Vice President and Chief Operating Officer from 2004 to 2009. He became a Director in October 2008 and served as President, Chief Executive Officer and Director from 2009 until 2011. He assumed his current position of Chairman, President and Chief Executive Officer in May 2011.

Particular experience, attributes or skills that qualify candidate for Board membership: As a result of his service as Chairman, President and Chief Executive Officer of WESCO International, Inc. and working in a diverse range of industries, Mr. Engel has skills and valuable experience managing the significant operational and financial issues that the Corporation is likely to face. Further, Mr. Engel's demonstrated business acumen, strategic planning and risk oversight experience makes him a valued member of our Board.

Election of Directors

The following current Directors will stand for election in 2017:

MURRY S. GERBER
AGE: 62
OCCUPATION: Retired Chairman and Chief Executive Officer, EQT Corporation
DIRECTOR SINCE: 2012
BOARD COMMITTEES: Corporate Governance & Public Policy; Compensation & Organization
OTHER BOARDS: BlackRock, Inc. and Halliburton Company

Murry S. Gerber received a Bachelor's degree in geology from Augustana College and a Master's degree in geology from the University of Illinois. From 1979 to 1998, Mr. Gerber served in a series of technical and management positions with Shell Oil Company, including Chief Executive Officer of Coral Energy, L.P. (now Shell Trading North America) from 1995 to 1998. Mr. Gerber served as Chief Executive Officer and President of EQT Corporation from June 1998 through February 2007; Chairman and Chief Executive Officer from May 2000 through April 2010; and Executive Chairman from April 2010 until May 2011. Mr. Gerber is also a member of the boards of directors of BlackRock, Inc. and Halliburton Company.

Particular experience, attributes or skills that qualify candidate for Board membership: Mr. Gerber has valuable experience in overseeing various managerial, financial and operational issues that face a publicly held company as a result of his service as Chairman and Chief Executive Officer of EQT Corporation. Mr. Gerber also provides the Board with knowledge and insight regarding the energy industry, an important supplier to, and customer of, the Corporation. Mr. Gerber's experience on the board of directors of publicly held companies demonstrates his knowledge of complex strategic financial and operations matters.

GLENDA G. McNEAL
AGE: 54
OCCUPATION: Executive Vice President and General Manager - Global Client Group Merchant Services, American Express Company
DIRECTOR SINCE: 2007
BOARD COMMITTEE: Audit
OTHER BOARDS: RLJ Lodging Trust

Glenda G. McNeal received a Bachelor of Arts degree in Accounting from Dillard University and a Master of Business Administration 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 2011. Ms. McNeal is a director of RLJ Lodging Trust and the UNCF.

Particular experience, attributes or skills that qualify candidate for Board membership: Ms. McNeal has significant and valuable experience in business development, customer relationship management, and financial matters as a result of her current position as a senior executive at American Express Company, along with her prior positions with Arthur Andersen, LLP and Salomon Brothers, Inc. In addition, she provides the Board with knowledge and insight regarding the financial services industry and financial markets. Ms. McNeal's considerable senior executive level experience in business and management provides her with an insightful perspective on strategic planning, risk oversight and operational matters that is valuable to our Board.

The following current Director will stand for election in 2017:

PATRICIA A. TRACEY
AGE: 64
OCCUPATION: Vice President, Homeland Security and Defense Services, HP Enterprise Services
DIRECTOR SINCE: 2007
BOARD COMMITTEE: Corporate Governance & Public Policy and Compensation & Organization

Vice Admiral Tracey holds a Bachelor of Arts degree in Mathematics from the College of New Rochelle and a Master of Science in Operations Research and Systems Analysis from the Naval Postgraduate School. From 1970 to 2004, Vice Admiral Tracey served in increasingly responsible operational and staff positions with the United States Navy, including Chief of Naval Education and Training from 1996 to 1998; Deputy Assistant Secretary of Defense (Military Personnel Policy) from 1998 to 2001; and Director, Navy Headquarters Staff from 2001 to 2004. Vice Admiral Tracey served as a consultant on decision governance processes to the United States Navy from 2004 to 2005 and to the Department of Defense from 2005 to 2006. She took a position as a Client Industry Executive for business development and performance improvement with Electronic Data System Corporation in 2006. Hewlett Packard Co. acquired Electronic Data Systems Corporation in August 2008. Vice Admiral Tracey assumed her current position as Vice President, Homeland Security and Defense Services with HP Enterprise Services in September 2012.

Particular experience, attributes or skills that qualify candidate for Board membership: As a result of her military service, Vice Admiral Tracey has valuable experience in governmental affairs, human resources, organizational and workforce development, occupational safety and environment compliance, and governance. She also provides the Board with knowledge and insight regarding information technology and information security. Vice Admiral Tracey also brings experience in planning large-scale transformation, and in executing multi-year turnaround.

CORPORATE GOVERNANCE

Corporate governance is a continuing focus at U. S. Steel, embraced by the Board of Directors, management, and all employees. The Corporation has a long and rich tradition relating to corporate governance and public company disclosure. For example, U. S. Steel was the first publicly

traded company in United States history to hold an annual meeting of stockholders and to publish an annual report.

In this section, we describe some of our key governance policies and practices.

GOVERNANCE PRACTICES

U. S. Steel is committed to maintaining the highest standards of corporate governance, which we believe is essential for sustained success and long-term stockholder value. In light of this goal, the Board oversees, counsels and directs management in the long-term interests of the Corporation, its stockholders and its customers. The Board's responsibilities include, but are not limited to:

- overseeing the management of our business and the assessment of our business risks;
- overseeing the processes for maintaining our integrity with regard to our financial statements and other public disclosures, and compliance with laws and ethics;
- reviewing and approving our major financial objectives and strategic and operating plans; and
- overseeing our talent management and succession planning for the CEO and other executives.

The Board discharges its responsibilities through regularly scheduled meetings as well as through telephonic meetings, action by written consent and other communications with management as appropriate. U. S. Steel expects directors to attend all meetings of the Board and the Board committees upon which they serve, and all annual meetings of the Corporation's stockholders. All of the then serving directors, except Ms. McNeal and Mr. Lee attended the 2014 Annual Meeting of Stockholders.

During the fiscal year ended December 31, 2014, the Board held seven meetings. The Board has three standing committees: 1) the Compensation & Organization Committee; 2) the Audit Committee; and 3) the Corporate Governance & Public Policy Committee. Each of these committees is

described in more detail later in this proxy statement. During 2014, the Audit Committee held five meetings; the Corporate Governance & Public Policy Committee held four meetings; and the Compensation & Organization Committee held nine meetings.

The Board also has an Executive Committee consisting of Messrs. Sutherland and Longhi. The role of the Executive Committee is to act on, and report to the Board on, significant matters that may arise between Board meetings. The Executive Committee took action periodically during 2014 and regularly reported its actions to the Board.

The Board has long adhered to governance principles designed to assure excellence in the execution of its duties and regularly reviews the Corporation's governance policies and practices. These principles are outlined in our Corporate

Governance Principles, which in conjunction with our certificate of incorporation, by-laws, Board committee charters and related policies, form the framework for the effective governance of the Corporation.

The full text of the Corporate Governance Principles, the charters for each of the Board committees, and the Corporation's Code of Ethical Business Conduct are available on the Corporation's website, www.ussteel.com, under "Corporate Governance." These materials are also available in print to any person, without charge, upon written request to:

Corporate Secretary
United States Steel Corporation
600 Grant Street, Suite 1500
Pittsburgh, PA 15219

BOARD LEADERSHIP STRUCTURE

The Board regularly considers the appropriate leadership structure for the Corporation. It has concluded that the Corporation and its stockholders are best served by the Board retaining discretion to determine whether the same individual should serve as both Chief Executive Officer and Chairman of the Board, or whether the Chairman of the Board should be an independent director. The Board believes that it is important to retain the flexibility to make this determination at any given point in time based on what it believes will provide the best leadership structure for the Corporation, taking into account the needs of the Corporation at that time. Due to the high level of transition in the Corporation’s executive leadership and the dynamic business environment in 2013 and 2014, the Board chose to implement a non-executive, independent Chairman role in January 2014 to allow the Chief Executive Officer to strategically focus on the associated business challenges that year.

If the Chairman of the Board is not independent, the independent directors annually elect from among themselves a Lead Director. The duties of the Lead Director are as follows:

- chair executive sessions of the non-employee directors;
- serve as a liaison between the Chief Executive Officer and the independent directors;
- approve Board meeting agendas and, in consultation with the Chief Executive Officer and the independent directors, approve Board meeting schedules to ensure there is sufficient time for discussion of all agenda items;
- approve the type of information to be provided to directors for Board meetings;
- be available for consultation and direct communication with the Corporation’s stockholders;
- call meetings of the independent directors when necessary and appropriate; and
- perform such other duties as the Board may from time to time designate.

If the Chairman of the Board is independent, the Chairman’s duties also include the duties of the Lead Director.

BOARD’S ROLE IN RISK OVERSIGHT

Pursuant to its charter, the Audit Committee of the Board of Directors is responsible for reviewing and discussing the Corporation’s policies with respect to the assessment of risks and risk management, including the following:

- the guidelines and policies that govern the process by which the assessment and management of the Corporation’s exposure to risk are handled by senior management; and
- the Corporation’s major risk exposures and the steps management has taken to monitor and control such exposures.

The Corporation’s Internal Audit group provides regular reports to the Audit Committee on the results of various internal audit projects and provides recommendations for the enhancement of operational functions in order to reduce certain risks. Although the Audit Committee has primary responsibility for overseeing risk management, each of our other Board committees also considers the risks within their specific areas of responsibility. For example, the charter of the Compensation & Organization Committee gives it responsibility for 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. Pursuant to its charter, the Corporate Governance & Public Policy Committee considers the risks associated with legislative, regulatory and public policy issues affecting the Corporation's businesses and operations. Each committee periodically reports to the full Board of Directors on their respective activities, including, when appropriate, those activities related to risk assessment and risk management oversight.

The Board, as a whole, also considers risk assessment and risk management. For example, the Board annually reviews the Corporation's strategic plan which includes a review of risks related to: safety, environmental, operating and competitive matters; political and regulatory issues; employee and labor issues; and financial results and projections. Management regularly provides updates to the Board related to legal and compliance risks and cyber-security matters.

The Senior Vice President-Finance & Chief Risk Officer of the Corporation reports to the Executive Vice President and Chief Financial Officer and is responsible for the Corporation's financial and business risk management, including the assessment, analysis and monitoring of business risk and opportunities and the identification of strategies for managing risk. The Chief Risk Officer provides regular reports to the Audit Committee and Board of Directors on these matters.

The Corporation believes that its leadership structure, as described above, supports the Board's role in risk oversight.

Independence

The following non-employee directors are independent within the definitions of independence of both the New York Stock Exchange ("NYSE") listing standards and the Securities and Exchange Commission (the "SEC") standards for Audit Committee members: Patricia Diaz Dennis, Dan O. Dinges, John G. Drosdick, John J. Engel, Richard A. Gephardt, Murry S. Gerber, Thomas W. LaSorda, Charles R. Lee, Glenda G. McNeal, Seth E. Schofield, David S. Sutherland and Patricia A. Tracey. The Corporation has incorporated the NYSE and SEC independence standards into its own categorical standards for independence. Robert J. Stevens is not deemed to be independent under the rules of the NYSE because our current Executive Vice President and Chief Financial Officer was on the compensation committee of Lockheed Martin while Mr. Stevens was an executive officer there. Mr. Stevens will be deemed to be independent under these rules in 2017. The Board believes that Mr. Stevens has sufficient independence to perform his fiduciary responsibilities as a Board member and that his business acumen, strategic planning and risk oversight experience, in addition to his other skills and attributes, make him a valued member of the Board. Mr. Stevens does not sit on any of the committees of the Board, but is invited to attend all such committee meetings. The Board has affirmatively determined that none of the directors or nominees for director,

other than Mr. Longhi, has a material 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.

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. (WESCO) in 2014. Mr. Engel is the Chairman, President and Chief Executive Officer 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 value of materials purchased by U. S. Steel was 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.

The Board also determined that: (i) no member of the Compensation & Organization Committee has a relationship to the Corporation which is material to that director's ability to be independent from management in connection with the duties of a compensation committee member, and (ii) each member of the Compensation & Organization Committee therefore satisfies the independence requirements of NYSE listing standards.

Board Committees

Under our by-laws and the general corporation law of the State 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 non-employee directors hold regularly scheduled executive sessions without management. The directors spend considerable time preparing for Board and committee meetings. During 2014, all of the directors attended in excess of 75 percent of the meetings of the Board and the committees on which they served, except Ms. Glenda McNeal. In 2014, Ms. McNeal attended 50% of the total number of meetings of the Board and the committees on which she served.

The Board has three principal committees, each of which is comprised exclusively of independent directors: (i) the Audit

Committee; (ii) the Compensation & Organization Committee; and (iii) the Corporate Governance and Public Policy Committee.

Each of these committees has a written charter adopted by the Board, which are available on the Corporation's website (www.ussteel.com). Each committee may hire outside advisers, including counsel, at the Corporation's expense. The Board also has an Executive Committee consisting of Messrs. Sutherland and Longhi. The Executive Committee acts on, and reports to the Board on, significant matters that may arise between Board meetings.

Corporate Governance

The table below shows the current committee memberships of non-employee directors:

Director	**Audit Committee**	**Compensation & Organization Committee**	**Corporate Governance & Public Policy Committee**
Patricia Diaz Dennis		X	X
Dan O. Dinges	X	X	
John G. Drosdick		X *	
John J. Engel	X *		
Richard A. Gephardt			X *
Murry S. Gerber		X	X
Thomas W. LaSorda	X		X
Charles R. Lee	X	X	
Glenda G. McNeal	X		X
Seth E. Schofield	X		
David S. Sutherland**			