



**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers**

- (e) On January 27, 2014, the Compensation & Organization Committee of the Board of Directors amended the Administrative Regulations for the Executive Management Annual Incentive Compensation Program (the "Program") under the United States Steel Corporation 2010 Annual Incentive Compensation Plan, which was approved by shareholders on April 27, 2010. In general, the regulations were amended to reflect revisions to the Program for the 2014 performance period. As amended, an Award Pool will be established and funded contingent upon the attainment of the shareholder approved goal of Shipment Tons. The amended Program also provides for the establishment of other performance measures and goals, including those based on income and cash flow that are applicable if the Award Pool is funded. The Program continues to provide for the calculation of individual awards based upon pre-established individual incentive targets and the degree of performance attained, and the Compensation & Organization Committee's ability to exercise downward discretion with respect to individual awards. A copy of the amended Program is filed herewith as Exhibit 10.1.

**Item 9.01 Financial Statements**

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Administrative Regulations for th “



3. **Performance Period.**

A. Calendar year. Unless otherwise determined by the Committee at the commencement of each Performance Period, each such Performance Period shall be a calendar year.

4. **Award Pool.**

A. Amount of the Total Award Pool. The amount of the total award pool (the "Total Award Pool") shall be established by the Committee, considering the Individual Incentive Targets, during the first 90 days of the Performance Period. The funding of the Total Award Pool will be dependent on the achievement of the Funding Goal, which shall also be established by the Committee during the first 90 days of the Performance Period in conformance with Section 162(m) of the Internal Revenue Code. Unless otherwise determined by the Committee, the Funding Goal shall be a level of Shipment Tons as defined in Section 5 below.

B. Funding the Pool. If the Funding Goal is achieved, the Total Award Pool will be funded at the level established by the Committee with respect to the degree of attainment of the Funding Goal. The actual award paid to each Participant from the Total Award Pool will be determined by reference to the Individual Incentive Target, and by applying the Incentive Award Calculation Formula, as described below, for each Participant; provided further that any forfeitures or reductions, whether through exercise of downward discretion or otherwise, shall not be permitted to result in any increase in the amount of any Individual Incentive Target or Incentive Award payable to any other Participant.

Should the Company fail to meet the Funding Goal, the Total Award Pool shall not be funded and no awards shall be made under the Plan for the Performance Period.

5. **Performance Goal Setting.**

A. Corporate Performance Goals. The Corporate Performance Goals for the Performance Period shall be the targets assigned to each of the Corporate performance measures, which shall be set by the Committee during the first 90 days of the Performance Period. Unless otherwise determined by the Committee at the beginning of the relevant Performance Period, the Corporate performance measures will be the following objective measures:

(1) Segment Income and Total Income. Segment Income shall mean, for the Performance Period, income from operations (including minority interests) for each business unit (reportable segments and other businesses). Total

Income shall mean, for the Performance Period, total consolidated income from operations (including minority interests).

Income from operations (including minority interests) for each business unit (reportable segment) and in total shall mean segment income (loss) and total income (loss) from operations as reported in the notes to the consolidated financial statements of United States Steel Corporation for the Performance Period.

- (2) Cash Flow. Cash Flow shall mean, for the Performance Period, earnings before interest, taxes, depreciation, depletion, and amortization (EBITDA) for consolidated worldwide operations (including minority interests), less consolidated worldwide capital spending and net investments in affiliates, plus the change in consolidated worldwide restricted cash.

EBITDA for consolidated worldwide operations (including minority interests) shall mean income from operations as reported in the consolidated statements of operations of United States Steel Corporation, plus or minus the effect of items not allocated to segments (excluding postretirement benefit expenses) as disclosed in the notes to the consolidated financial statements of United States Steel Corporation, plus depreciation, depletion and amortization as reported in the consolidated statements of cash flows of United States Steel Corporation.

Consolidated worldwide capital spending, net investments in affiliates, and change in consolidated worldwide restricted cash shall mean those amounts reported on the consolidated statements of cash flows of United States Steel Corporation.

- (3) Shipment Tons. Shipment Tons shall mean the number of worldwide net tons of steel products shipped for the Performance Period, determined consistently with external reporting practices. It is intended that the target for this measure and its related performance calculation be consistent with the target and performance calculations for Segment Income, Total Income and Cash Flow, including the Business Plan Target Segment Income, Total Income and Cash Flow, such that, to the extent an asset is excluded for any reason from the target calculation for Business Plan Target Segment Income, Total Income and Cash Flow, the corresponding shipment tons, if any, are to be excluded from the Shipment Tons target and performance calculations, and, if an asset is included in the target calculation for the Business Plan Target Segment Income, Total Income and Cash Flow, the corresponding shipment tons, if any, are to be included in the Shipment Tons target and performance calculations. Subject to the foregoing, this performance measure is to be adjusted in accordance with relevant provisions of Section 5.B.(3)(a) of these Regulations.

- (4) Safety Performance. Safety Performance, for target and actual performance purposes, shall mean the number of serious injury cases occurring during the Performance Period involving the represented and non-represented employees at the properties and operations of United States Steel Corporation and its subsidiaries as contemplated by the targets set by the Committee at the beginning of the Performance Period. A serious injury case shall mean a work-related injury that prevents an employee from returning to work for 31 or more calendar days, or an employee work-related fatality. Whether an employee injury or fatality is “work-related,” or not, will be determined by the Corporation’s top safety officer consistent with OSHA guidelines.

B. Adjustments.

- (1) Adjustment to Segment Income, Total Income and Cash Flow Performance Goals. The following adjustment provisions shall apply to the Segment Income, Total Income and to the Cash Flow performance calculations (to the extent included in such amount):

- (a) exclude the gain or loss related to a business disposition or divestiture (whether or not completed during the Performance Period) and all amounts related to a permanent facility shutdown/closure, and assume that the business achieved (for the time period following such disposition, divestiture or shutdown/closure) the performance level included in the Business Plan Target Segment Income, Total Income or Business Plan Target Cash Flow (as defined below);
- (b) exclude the gain or loss related to an asset sale not made in the ordinary course of business;
- (c) exclude all amounts related to long-lived asset impairments;
- (d) exclude all amounts related to an acquisition or startup (defined as the startup of a previously closed facility or the startup of a new facility);
- (e) exclude all amounts related to workforce reductions and other restructuring charges;
- (f) except for retiree benefits, exclude amounts not allocated to segments;  
and
- (g) exclude all amounts related to changes in accounting standards and changes in law that affect reported results;

provided, however, ~~that the adjustments shall be made to the Segment Income, Total Income or Cash Flow;~~

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a new Participant under Section 2.B. of these Regulations after the first 90 days of the Performance Period shall be established when the new Participant first becomes eligible to participate in this Program. The Individual Incentive Target shall be calculated by reference to the Participant's highest base salary in each grade level and/or position during the relevant portions of the Performance Period. The Payout Scale applied to all Performance Goals based on the actual performance achieved will determine the payout percent applied in the Incentive Award Calculation Formula under section 6, subject to negative adjustment by the Committee in its discretion and to the fixed maximum amount set forth in the Plan.

- D. Assignment of Segment Income Performance Goal to Participants. The Committee shall assign to each Participant a Segment Income Performance Goal representing the reportable segment's performance for which the Participant is responsible for driving. Participants who are "corporate staff" executives responsible for multiple segments shall be assigned a Weighted Segment Income Performance Goal, which shall be determined by the Committee and reflect a relative weighting of the segments for which the Participant is responsible. Certain Participants (i.e. the Chief Executive Officer) may be assigned a Total Income Performance
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by the Committee based upon the number of complete months worked during the Performance Period; provided that (i) such Award is calculated and delivered following the relevant Performance Period in accordance with the terms of the Plan, (ii) the relevant Performance Goals are achieved, (iii) the Participant is employed for at least six (6) months during the Performance Period and (iv) the Committee retains its negative discretion with respect to such awards.

- (1) Retirement. Retirement shall mean, for all purposes under the Program, the applicable Participant's termination of employment that constitutes a separation from service under Section 409A of the Code after having satisfied the age, service and/or other requirements necessary to commence an immediate pension under either: (i) the applicable defined benefit pension plan for the Participant's home country, regardless of whether the Participant is a participant in such pension plan, or (ii) in the case of a home country for which there is no applicable defined benefit plan, the applicable local law or regulation; *provided, however*, such term does not include, unless the Committee consents with knowledge of the specific facts, retirement under circumstances in which the Participant accepts employment with a company that owns, or is owned by, a business that competes with the Corporation, or its Subsidiaries or affiliates. Further, to the extent necessary under applicable local law, Retirement may have such other meaning adopted by the Committee and set forth in the applicable Award notice.
- (2) Disability. ~~Disability~~ shall be as defined in the Plan.

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B. Resignation, Early Retirement and Other Termination. **r**