

# **Paying Attention to the Facts**

## **Then & Now**

On October 5, 2007, Gretchen Haggerty, Chief Financial Officer of U.S. Steel, in a letter to the editor to the Hamilton Spectator, under the title "Stelco's Pensions safe with U.S. Steel" stated: "We would like to clear up any confusion and relieve any concerns Stelco's employees and pensioners may have about the security of their pensions on the closing of our transaction to buy Stelco.... We want Stelco's employees and retirees to know that we understand the fundamental importance of sound pension funding. We have had a large defined-benefit pension plan for decades. We take our obligations very seriously and are proud of the fact that today that plan is fully funded. In fact, over the last four years, we have made over \$700 million in voluntary contributions to that plan. We will honour our commitment to the Stelco pension plans. That is our history and track record...."

Now, the Hamilton Spectator (March 19, 2011) quotes Company spokesman Trevor Harris saying that "... (Local 1005) union leaders continue to demand a contract settlement that would be hard for a healthier company than the former Stelco Hamilton plant to meet.

## **U.S. Steel's Concern for the Economy - The Facts**

See article in the Pittsburgh Business Times, Thursday March 17. "Citing the company's improvement within a challenging economic environment, the United States Steel Corp. Board of Directors increased the total compensation of Chairman and CEO John Surma in 2010 by more than three times what it was in 2009, according to U.S. Steel's proxy statement filed with the Securities and Exchange Commission."

"The bulk of the increase is by reinstating long-term incentives, which Surma declined in 2009. His base salary at \$1.1 million remained unchanged from 2009 levels, and his total compensation was \$12.2 million in 2010, up from \$3.6 million in 2009.

"Although, Mr. Surma's compensation increased in 2010, the increase was a direct result of the fact that he was among the lowest paid CEOs in our peer group of companies for 2009," the proxy stated. "The fact that he received no long-term incentives in 2009, at his request (and the Committee's agreement), was the largest contributor to his comparatively low 2009 compensation."

"In 2008, Surma had base salary of \$1.2 million and total compensation of \$14 million.

"Though U.S. Steel (NYSE: X) reported a net loss of \$482 million last year, that was an improvement over a net loss of \$1.4 billion in 2009. Sales were up 57 percent in 2010 to \$17.4 billion.

"The board noted the company's policy of aligning executive pay with company performance as well as aligning compensation with long-term corporate performance and shareholders with

stock requirements.

"Other executives named in the 2010 proxy were:

\* Gretchen R. Haggerty, executive vice president and chief financial officer, with base salary of \$555,750 and total compensation of \$4 million.

\* John H. Goodish, executive vice president and chief operating officer, with base salary of \$712,506 and total compensation of \$3.7 million. Goodish retired at the end 2010.

\* James D. Garraux, general counsel and senior vice president corporate affairs, with base salary of \$494,798 and total compensation of \$3.4 million.

\* George F. Babcoke, senior vice president of European operations and global operations services, with base salary of \$390,500 and total compensation of \$3.2 million.

"Like Surma, the base salary for Haggerty and Goodish were the same as 2009. Garraux's base salary was up 10 percent, and Babcoke was named to his current position last year.

"The integrated steelmaker is hosting its annual meeting of shareholders April 26 in downtown Pittsburgh.

(article *by Malia Spencer*)