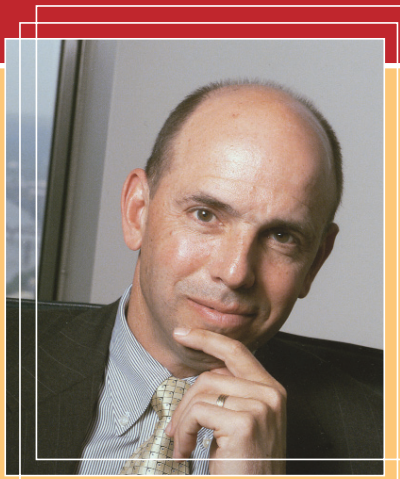


JUDGE GARY'S PRINCIPLES

By John P. Surma
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For as long as businesspeople have been competing with one another, the temptation to cut corners in order to gain an edge has existed. In today's turbulent global economy, the temptations are greater than ever, especially when competitors operate in countries where ethical standards are lacking and unfair advantages, such as government subsidies, are common.

In this atmosphere, American business leaders need firm principles to guide their decisions and conduct. Operating without such principles may offer the illusion of short-term advantage; however, as the corporate scandals of recent years clearly demonstrate, shortsighted rule breaking can lead to eventual disaster.

Where can executives turn to find time-tested guideposts? At U.S. Steel, we seek guidance from the "Gary Principles," crafted by one of our founding fathers, Judge Elbert Gary. While most Americans associate U.S. Steel's founding with Andrew Carnegie — whose steelmaking assets helped form the company — it was Judge Gary who led what was then the world's largest

corporation from its start in 1901 until his death in 1927.

A man of high moral standards, Judge Gary believed in fair play and doing the right thing. He ran U.S. Steel according to those beliefs, even though they were not always popular at the time. He believed he had certain obligations both inside and outside the business world. Among these were the obligations to make U.S. Steel profitable

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for all stakeholders, to operate a safe workplace, and to make society a better place for everyone.

Because of these beliefs, Judge Gary paid workers what were for the time high wages, created the nation's first industrial accident-prevention program, and gave generously of his personal fortune to a variety of causes and organizations. Under Judge Gary, U.S. Steel was the first American corporation to hold a stock-

holders' meeting (1902) and the first to issue an annual report (1903) — almost unthinkable steps in the business world of the time.

Judge Gary felt so strongly about his obligations that he wrote out a document called the Gary Principles. These nine simply stated rules, which are generally recognized as the first business code of ethics, serve as the basis of U.S. Steel's ethics policy to this day. I carry a pocket-sized version of the Gary Principles to remind me of Judge Gary's beliefs, which we believe are as sound today as they were nearly 100 years ago. They cover what seem, in today's highly regulated environment, to be very basic business tenets such as valuing competition, treating employees equitably and humanely, and inviting input from all stakeholders. The principles assign great value to altruism, public opinion, and achieving success only when things are done through proper practices.

Judge Gary's sixth principle states, "If we are to succeed in business, we must do so on principles that are honest, fair, lawful and just." I know that's true, and I believe that by following the Gary Principles, U.S. Steel will be on its way to competing successfully in the world market for another hundred years.

United States Steel Corp. manufactures a wide variety of steel sheet, tubular and tin products; coke; and taconite pellets. With 46,000 employees and a worldwide annual raw steel capability of 26.8 million net tons, it is an aggressive and successful participant in the intensely competitive international steelmaking market. The company is based in Pittsburgh, Pa.