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## United States Steel Corp. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Our first question comes from Michael Gambardella – J.P. Morgan.

#### Michael Gambardella – J.P. Morgan

Quick question on tubulars, you had almost \$600 million in operating profit in the quarter. My understanding is that most of your tubular sales go through distributors. Is that correct?

#### John Surma

Yes, certain in the OCTG to some degree it's a standard line. That's correct.

#### Michael Gambardella – J.P. Morgan

John, is that more of a quarterly fixed price or how does that go, quarterly or monthly?

#### John Surma

It's generally order-by-order pricing. There are some programs that we would work with our distributors through to the end customer that would have longer pricing, but at this point, I would say it's relatively short-term pricing.

#### Michael Gambardella – J.P. Morgan

And just in terms of your outlook, where you're saying earnings would be down significantly, but still profitable. Does that mean we're going to go near breakeven for the first quarter?

#### John Surma

We hope not, Mike, but because of the relatively short lead times and just all the noise in the market, we don't have a great deal of visibility forward. We were not necessarily trying to move it to breakeven, but it really remains to be seen what the order book shapes up at the later months in the quarter.

#### Michael Gambardella – J.P. Morgan

The industry has been really good so far on supply discipline, a big change from previous cycles. Do you still feel that the other players out there are still holding the line on the production discipline, and is that a concern going forward?

**John Surma**

I can't really comment, Mike, on what others might or might not be doing. We see the AISI statistics which, through the end of last week as I glanced at this morning, capability was 43% or 44%. That's really all we know and all we need to know. We don't really need to or want to know what anybody else is doing.

I could just tell you what our policy is and has been that we see no value right now in manufacturing product to either have it be in the warehouse or on the ground or to try to force it into a customer with a price that doesn't create demand. It just creates inventory. So I can only tell you what we're doing and that's continuing to be our policy.

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