



600 GRANT ST., PITTSBURGH, PA 15219

Dear U. S. Steel Employees,

As you know, we have spent considerable time this past year in and around your plants and communities. During that time, our belief has only grown stronger that – together – we will be able to write the next successful chapter in U. S. Steel’s storied history. That is why we have been working so hard to satisfy any legitimate concerns of the USW -- so that, together, we can make U. S. Steel the best steelmaker in the United States for decades to come.

We had hoped that continued discussions with the USW leadership would result in their support for the transaction. Our goal has been to listen to their concerns and to build on our commitments to spend \$2.7 billion in capital investments at unionized facilities, share our world-class technological innovations, and secure union jobs so that American steelworkers at U. S. Steel can manufacture the most advanced steel products in the United States for American customers.

During our recent discussions with the USW leadership, we listened carefully to the USW’s requests for further details on our future plans. Following our most recent discussions, we sent an Additional Commitment Letter to President McCall on December 2, 2024, addressing all the concerns raised. **We have attached a copy of the Additional Commitment Letter to this correspondence for your review.** (Please note that there are a few redactions in your copy to prevent the disclosure of U. S. Steel’s competitively sensitive information.)

Specifically, we laid out, in detail, where and when capital expenditures will be spent, as well as when the blast furnaces would be relined. We reaffirmed that the capital expenditures were not “repair and maintenance costs” or depreciation (and that separate amounts have been allocated for that purpose). We also affirmed to President McCall that technology sharing with U. S. Steel would not be counted against profit sharing and that we were committed to not pushing debt incurred to finance this transaction onto U. S. Steel.

Following continued constructive dialogue with Pennsylvania Governor Shapiro and others about the long-term needs of these facilities, Nippon Steel was happy to provide more specifics around our commitments in writing.

Additionally, we want you to have the facts, so you can assess the best future for U. S. Steel. **Attached is a summary of some of the concerns that USW leadership pushed in its statements to you.**

In closing, I want to express my profound gratitude for the increasing groundswell of support for this transaction among the USW’s members, who join an overwhelming number of local elected officials and community leaders who support the transaction. It is even more clear to me that my responsibility for assuring the success of U. S. Steel begins with bringing our transaction to a successful close as soon as possible.

Thank you for taking the time to read our position on these matters.



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Very truly yours,

A handwritten signature in blue ink, appearing to read "T. Mori", written over a light blue horizontal line.

Takahiro Mori
Representative Director and Vice Chairman
Nippon Steel Corporation

APPENDIX

USW Leadership Concerns: *Nippon Steel will follow the USS plan and would eventually transfer production from current facilities to Big River.*

The Truth:

- **Nippon Steel's commitment to invest in U. S. Steel's blast furnaces are a break from U. S. Steel's past plans, not a continuation. We demonstrate a serious commitment to keep current USW-represented facilities operating well into the future.**
- Nippon Steel has also pledged that there will be no layoffs, plant idling, or plant closures as a result of the transaction. These commitments were ruled legally binding by the neutral Board of Arbitration.
- These protections do not exist in the current BLA.
- Nippon Steel's intention is to grow all of U. S. Steel. As part of this goal, we will ensure the growth of both union-represented and non-union facilities.
- **In fact, the only way to prevent the eventual transfer of production from current facilities to Big River is for our transaction to close. Otherwise, U. S. Steel has said it would not continue to invest in the unionized facilities and thus would likely close plants over time.**

USW Leadership Concerns: *So is the Nippon deal a good deal for the next few years? Maybe. But our focus is on the future. So how do we protect that future?*

The Truth:

- To date, we have made **no less than \$2.7 billion worth of capital expenditure** commitments to USW-represented facilities. **The goal of those commitments is to secure the future of the unionized facilities for decades to come.**
- Our commitments include:
 - **No less than \$1 billion will be spent at Mon Valley Works**, including to:
 - Upgrade or replace the existing Hot Strip Mill; and
 - Upgrade other facilities.
 - **Approximately \$300 million will be spent at Gary Works** to revamp Blast Furnace #14.
- Nippon Steel also intends to **maintain the operation of all blast furnaces currently operating and to schedule six blast furnaces (two at Mon Valley and four at Gary) for relining or major repair by 2030** in order to extend their useful lives for many years to come.
- The plans we have outlined in the Additional Commitment Letter demonstrate that our investment is likely to result in more, not fewer, financial commitments to U. S. Steel's facilities over time.

USW Leadership Concerns: *When we first met with Nippon Steel in December of last year, they told us they had no obligation to bargain with us. All they had to do was recognize the union and accept our contract.*

The Truth:

- In our first meeting in December 2023, Nippon Steel clarified to the USW that the current term of the BLA runs through September 1, 2026, and that the successorship clause in the BLA did not require Nippon Steel to renegotiate the BLA, which the neutral Board of Arbitration ruled in September was a correct interpretation.
- **Nevertheless, from the beginning, Nippon Steel has always been open to meeting with the USW, listening to its legitimate concerns, and offering to remedy them, which we believe we have done. All we asked for was a willing partner in USW leadership, who would be prepared to negotiate in good faith.**

USW Leadership Concerns: *As the proposed deal came under scrutiny and began to look as though it may be in jeopardy, Nippon Steel made certain offers to gain union support, but all the offers were either subject to withdrawal or were written so poorly that they would be unenforceable.*

The Truth:

- We have been working hard to engage with the USW from the outset and offered our commitments as early as March 2024 to address concerns raised by President McCall. Unfortunately, he has refused to engage with us to negotiate our commitments.
- **The claim that our commitments are not enforceable is simply false.** The neutral Board of Arbitration held that the commitments we announced prior to the successorship arbitration in August 2024 are already secured and legally enforceable, with no further action required, including:
 - At least \$1.4 billion of capital expenditures at BLA facilities (which we now estimate to be closer to \$1.6 billion in projected capital expenditures from 2024 through 2026)
 - No layoffs, plant idling, or plant closures as a result of the transaction
 - No transfer of jobs or production overseas
 - Protecting and defending U. S. Steel from unfair trade
 - Guaranteeing pension benefits for U. S. Steel employees and retirees

USW Leadership Concerns: *Will it be a good deal for members who work in the promised investment in the upgraded hot mill in the Mon Valley, or the number 14 blast furnace in Gary?*

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Yes, maybe, but not such a good deal after the next several years, for all the material facilities, the mines and the coke plants, or in the downstream facilities and blast furnaces, BOFs, casters, finishing and coating facilities. When we asked Nippon about other facilities, we received no response.

The Truth:

- **President McCall questioned our plan with respect to specific facilities, which we addressed in our Additional Commitment Letter. Please see Exhibit D which details our plans for the facilities mentioned by President McCall, which include the following:**
 - Maintaining operations at Irvin such as Pickling, Cold Rolling, and the Galvanizing Line
 - Continued operation of coke ovens in Clairton, including carrying out through-wall repairs and other work to address deterioration
 - Continued operation and maintenance of the furnaces, BOFs and casters at Edgar Thompson
 - Continued operation and maintenance of the Hot Mill and Cold Mills at Gary, as well as reviewing the feasibility of reactivating the Gary Tinplate mill.
- In addition, each of these facilities will also benefit from technology that we will share with U. S. Steel, enabling improved operations while providing significant environmental benefits.
- Our goal is to grow U. S. Steel and we have no plans to close or idle any upstream or downstream facilities. **In addition to our minimum capital expenditure commitment of \$2.7 billion at BLA facilities – which is not for repair and maintenance – we anticipate that U. S. Steel will spend \$1.6 billion on repair and maintenance for 2024-2026 at BLA facilities in addition to capital expenditure spending.**

USW Leadership Concerns: *[T]he union does not think it's a good deal for workers, whether USW represented or non-represented. We don't believe it's a good deal for the communities we work in, or the indirect jobs that are created for the communities that we live in, or vendors that supply our facilities.*

The Truth:

- We believe our proposed transaction is good for everyone. We are offering a more secure future for U. S. Steel, its employees, and the communities it calls home.
- **While we have been trying our best to communicate the benefit of our investment directly to you, you don't need to listen to us but you should listen to your fellow workers and community leaders, many of whom have spoken up in favor of our transaction. Here is a sampling of what just a few of them have said:**
 - “Keeping steel in the steel city is important to me, because I'd like to see another generation of my family perhaps working in the steel industry. And the only way

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- it's going to stay here is with a partnership between U. S. Steel and Nippon Steel.”
- “To preserve union steelworkers in the Mon Valley, we need this sale to go through. Nippon has made a commitment of several billion dollars to do this. They have the resources, they have the technology, and they have the desire to do this.”
 - “The partnership between U. S. Steel and Nippon Steel – it’ll mean we can keep our jobs. We’ll have a brighter future.”
 - We are the best partner for U. S. Steel. Not only have we made the commitments discussed above, but we have the financial and technological resources to follow through on them. U. S. Steel has been very clear that they would not realize these benefits on a stand-alone basis.

USW Leadership Concerns: *U.S. Steel is profitable and currently has billions of dollars in cash.*

The Truth:

- **U. S. Steel has publicly stated that, without Nippon Steel’s investment, the commitments we have made to U. S. Steel employees and facilities will not happen.**
- Nippon Steel’s number one focus is growing U. S. Steel and ensuring it prospers for decades to come. It’s why support and excitement for our transaction has been strong – and growing stronger.
- The prospects to be realized build on the financial strength of Nippon Steel, which has a current credit rating of BBB+ (S&P) and Baa2 (Moody’s), considerably higher than U. S. Steel’s rating of BB- (S&P) and Ba3 (Moody’s), which are below-investment-grade. After the closing, U. S. Steel will be a direct beneficiary of this financial strength and have better access to funding than it has today.

See the truth for yourself: I hope you will take the time to review the attached Additional Commitment Letter, together with the March 27 Commitment Letter (Exhibit F) and the May 17 Commitment Letter (Exhibit G), so you can see for yourself all of the commitments Nippon Steel has made.

We welcome the regulatory scrutiny needed to approve this transaction and have committed to engaging in a transparent, professional process. **We are confident that our partnership with U. S. Steel will strengthen the American supply chain and bolster American economic and national security by countering the threats posed by China’s steel industry.** Thus, we believe that, following a fair and impartial review, we will obtain necessary regulatory approvals.