



David McCall
International President

April 2, 2024

Via Email

Mr. Takahiro Mori
Representative Director and Executive Vice President
Nippon Steel Corporation

Re: Acquisition of United States Steel Corporation by Nippon Steel North America, Inc.

Dear Mr. Mori:

I have reviewed your March 27, 2024 letter, which included a draft of a letter agreement that Nippon Steel Corporation (NSC) and Nippon Steel North America (NSNA) have presented in their effort to garner USW's support for this transaction. While I was not surprised to receive another collection of promises from NSC and NSNA (together, "Nippon Parties"), I was nevertheless disappointed.

USW's opposition to the U.S. Steel/Nippon merger is well-known. On March 14, 2024, President Biden said that "it is vital for [U.S. Steel] to remain an American steel company that is domestically owned and operated." USW agrees, and Nippon's desire to dodge the obligations under the USW Agreements only highlights the reason why Nippon's demand that USW publicly support the transaction in exchange for a package of empty promises is not a good faith proposal.

USW's Basic Labor Agreement with U.S. Steel requires that, in a Change of Control transaction such as the one that U.S. Steel and the Nippon Parties have pursued since last December, the conditions of consummation include that the "ultimate parent company of the entity which gains Control" – with NSC being the "ultimate parent company" in this transaction – "shall have assumed all USW Agreements." The Nippon Parties understand that NSC is the "ultimate parent company" in this transaction, while also expressing the view that NSC's status as a foreign corporation presents certain issues here. Whether or not that view is correct, U.S. Steel's decision to proceed with a transaction with the Nippon Parties does not deprive the USW of the benefit of its bargain, nor does it relieve NSC of the obligations imposed upon it.

I sent a letter to you on March 11, 2024, that spells out the USW's views about the specific actions that NSC would be required to take in order to assume the USW Agreements. Your March 27, 2024 letter and the accompanying draft letter agreement ignore virtually everything set forth in my March 11 letter.

The March 27 proposal makes no effort to hide that U.S. Steel and the Nippon Parties seek to proceed upon a fiction. In paragraph 1, the Nippon Parties have asked USW to “agree that the phrase ‘assumed all USW Agreements’ in Article Two, Section D (Successorship), Subsection 3(c) of the BLA is satisfied by NSC and NSNA, despite the Company [that is, U.S. Steel] remaining the sole employer party to the BLA following the Closing, given that the identity of the employer does not change as a result of the transactions contemplated by the Merger Agreement.” “Despite” is a curious word for the Nippon Parties to use in this proposal because it acknowledges that the Nippon Parties have asked the USW to agree that one thing is true in spite of or notwithstanding the fact that something entirely different is actually true. Then, in paragraph 2, the Nippon Parties dilute even further the already weak nature of NSC’s purported assumption of the USW Agreements by conditioning NSC’s commitment to perform and satisfy Guaranteed Obligations (a term defined in your March 27 proposal) upon (i) U.S. Steel defaulting after USW obtains a final and non-appealable adjudication concerning its payment of Guaranteed Obligations, and then (ii) NSNA failing to perform when asked to do so. Your counsel will tell you that litigation in the U.S. District and Appellate Courts, or the U.S. Bankruptcy Courts, often require many years for completion and litigants have ample rights of appeal and delay. Undoubtedly with this understanding firmly in mind, the Nippon Parties have designed layers of protection for NSC, which can wait through years of litigation in the U.S. courts concerning the obligations of U.S. Steel and NSNA, before having any exposure to the obligations arising under the Agreements that NSC has misleadingly represented it would assume.

The remainder of your March 27 proposal exposes the Nippon Parties’ intentions as mere window dressing. NSC and NSNA propose that they will “cause [U.S. Steel] to perform a detailed operational analysis of existing BLA-covered facilities in good faith for potential deployment of the New Capex.” Likewise, NSC and NSNA state that they “shall conduct an analysis of existing [U.S. Steel] business plans and opportunities . . . [.]” while, at the same time, NSC states that it “will share” its technology with U.S. Steel “to the extent that such sharing is economically and technically feasible in support of [U.S. Steel’s] business plan.” NSC and NSNA further state that they “will cause” U.S. Steel, at least through September 1, 2026, not to conduct any reduction-in-force after the Closing that results in the involuntary layoff of any Employees” – a point that the Nippon Parties have prominently featured in their public communications about the merger – while reserving for U.S. Steel numerous bases upon which to evade this commitment, including the ill-defined term “unanticipated and significant downturn in business conditions.” Regarding foreign trade concerns, the Nippon Parties commit to “protect the best interests” of U.S. Steel “in respect of foreign trade matters” and defend U.S. Steel “against unfair trade” when the Nippon Parties deem it to be “appropriate” and “to the extent” taking such action “supports [U.S. Steel’s] business plans” as these plans may be revised following NSNA’s acquisition of the company. In short, for every commitment that the Nippon Parties purport to make, the March 27 proposal envisions a way to release the Nippon Parties from these pledges.

If the Nippon Parties would like to meet to discuss the status of the transaction in the coming weeks, we can do so. Please understand, however, that Nippon's March 27, 2024 proposal does not provide a meaningful basis for a resolution of the ongoing dispute.

Very truly yours,

A handwritten signature in black ink that reads "David McCall". The signature is written in a cursive style with a horizontal line through the middle of the name.

David McCall
International President

cc: Michael Millsap, Director and Union Bargaining Chair
Daniel Flippo, Director
Donald Blatt, Director
Cathy Drummond Director
Bernie Hall, Director