



NIPPON OWNERSHIP OF USS THREATENS LONG-TERM SECURITY

December 24, 2024

Dear Brothers and Sisters,

Yesterday, the Committee on Foreign Investment in the United States (CFIUS) reportedly provided its findings on the proposed U.S. Steel-Nippon deal to President Biden.

While CFIUS was unable to reach a unanimous decision on how to move forward, the Washington Post reported that the committee said that allowing Nippon to purchase U.S. Steel "could lead to a reduction in domestic steel output, which would represent a 'national security risk.'"

The president now has 15 days to review the report and accept or reject the transaction.

We met twice with Nippon last week, and it's clear from those meetings and earlier engagement that Nippon has no interest in the long-term security of our plants or blast furnace operations. Nippon speaks out of both sides of its mouth, at times claiming it's interested in our facilities while at the same time continuing its relentless pursuit of EAF production at Big River in Arkansas.

Remember: When Nippon originally began its quest to buy U.S. Steel, public documents indicated that it was only interested in acquiring the Arkansas facilities. That continues to be the long-term focus of its acquisition. The result would be the gradual starving of capital to other operations around the country, the likely loss of our jobs, and the negative impact on our country's economic and national security.

Nippon's public relations machine talks about the \$2.7 billion it said it could spend on our facilities. This was no doubt meant to impress outside observers who are unfamiliar with steelmaking, but looking more closely at the numbers and the actual words of Nippon's commitment, the P.R. simply does not represent a significant investment in our future.

Since the spring, Nippon has trumpeted the \$1.4 billion it could spend in our facilities, failing to tell the public that this involves regular capital expenditures and failing to disclose that the figure includes the repair and maintenance already performed by U.S. Steel in 2024.

Then, to much fanfare, Nippon announced in August, when it first was reported that CFIUS could block the deal, that it had designated \$1 billion for an "intended" hot mill in the Mon Valley. It was only after direct questioning by President McCall that Nippon executive Takahiro Mori conceded that it would take twice that amount to complete the project.

In short, the \$2.7 billion does nothing to prevent Nippon from its stated intention of transferring production to Big River 2, with its 3 million annual tons of electric arc furnace production, paving the way for Nippon to eventually reduce or shut down our blast furnace capacity. This puts thousands of our jobs, not to mention our critical supply chains and our national security, at risk.

This all comes against the backdrop of Nippon's long-term and continuing dumping of products into our market which has injured our members, our economy and steel-making operations.

Now it's up to President Biden to determine the best path forward. It is solely the president's responsibility to review CFIUS's report and make the determination. Given everything we've heard over the past year, we continue to believe that means keeping U.S. Steel domestically owned and operated.

We will of course continue to keep you up-to-date as we have more information to share.

In Solidarity,

A handwritten signature in black ink that reads "Mike Millsap".

Mike Millsap
District 7 Director &
Chairman of the Negotiating Committee

A handwritten signature in black ink that reads "David McCall".

David McCall
International
President