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PRESENTATION

Operator

Good morning, everyone, and welcome to the United States Steel Corporation and Nippon Steel Corporation joint corporation call and webcast. As a reminder, today's call is being recorded. I'll now hand the call over to Emily Chieng, Investor Relations Officer.

Emily Christine Chieng - *United States Steel Corporation - IR Officer*

Thank you, operator. Good morning, everyone, and Thank you for joining us on short notice today for U.S. Steel and Nippon Steel's joint conference call to discuss the acquisition of U.S. Steel by Nippon Steel Corporation.

Joining me on today's call is U.S. Steel President and CEO, Dave Burritt; and Representative Director of NSC, Takahiro Mori. For Q&A, we will also have Senior Vice President and CFO, Jessica Graziano; and Kevin Lewis, Vice President, Finance, joining.

Please note that the slides we will reference today and the related press release are posted on the U.S. Steel Investor Relations page under the Overview section. Before we start, let me remind you that information provided during this call may include forward-looking statements that are based on certain assumptions and are subject to a number of risks and uncertainties as described in our SEC filings. Please review the cautionary statements and other legal information starting on Slide 22 for further information.

With that, I would now like to turn the conference call over to U.S. Steel's CEO, Dave Burritt, who will begin on Slide 2.

David Boyd Burritt - *United States Steel Corporation - President, CEO & Director*

Thank you, Emily, and good morning to all of you joining us. Today is an exciting day for U.S. Steel and for our industry, by bringing together U.S. Steel and Nippon Steel, we are enhancing competitive and innovative steelmaking in America.

Today's announcement follows the conclusion of the successful and very robust strategic alternatives review process conducted by our Board of Directors. After thoroughly reviewing numerous alternatives, our board unanimously approved the definitive merger agreement that we announced earlier this morning, under which U.S. Steel will be acquired by and become a subsidiary of NSC in a transaction valued at \$55 per share, all cash.

For our U.S. Steel stockholders, this announcement delivers upon the commitment we made when we began the strategic alternatives review process, to maximize value and to achieve a timely path to close through execution certainty. In meeting these goals, this transaction with NSC represents an outcome that reflects the tremendous value we have created through our Best for All strategy.

Moving to Slide 3. Let's start with value. The \$55 per share all cash merger consideration reflects significant value realization for U.S. Steel stockholders. The consideration represents a premium of 40% compared to our closing price on December 15. The value created for U.S. Steel stockholders through this transaction is a testament to the hard work and progress our employees have made as we deliver our Best for All strategy, and I thank them for their continued focus on safety operating throughout the review process.

We've recently completed several strategic projects, whether it's the Gary pig in 2022, the NGO electrical steel line just last quarter, or the DR-grade pellet investment earlier this month, and we delivered them on time and on budget. This type of consistent execution earned us credibility in the market. Everyone took notice and it created a robust process with significant interest.

Today's announcement is a direct result of the success to date of the strategy, and we're not done yet, in 2024, our biggest project to date comes online, Big River 2, and you'll hear later the role Big River's continued success played in igniting NSC's interest in U.S. Steel.

The deal also comes with a high level of closing certainty. NSC has agreed to honor all of the agreements between the U.S. Steel and the unions that represent U.S. Steel employees. The basic labor agreements that were agreed to in September 2022 will remain in effect, and NSC is committed to maintaining these relationships uninterrupted. This expands upon NSC's existing strong relationship with USW as they already have, more than 600 USW-represented employees in the United States.

The transaction also strengthens the existing competitive landscape in the United States steel industry, underscoring our confidence in the receipt of the required regulatory approvals. We will continue to operate our mining and steelmaking facilities in the U.S. for our U.S.-based customers. And we do not expect any reduction in the U.S. Steel asset base to close this transaction. We anticipate the deal will close in the second or third quarter of 2024.

Upon closing, U.S. Steel will operate as an indirect subsidiary of NSC and will remain headquartered in Pittsburgh, Pennsylvania. The iconic U.S. Steel brand will live on and that means the same high-quality steel service and reliability that U.S. Steel customers have come to expect will continue.

Let's turn to Slide 4. This transaction makes sense from several different angles and has a strong strategic alignment, certainly from a financial uncertainty perspective, as I've just outlined, but also as we consider being best, which is a theme that you have heard us discuss before, best in automotive steels, best in electrical steels, best in operational excellence, best in decarbonization, both of our companies are intensely customer-focused, so we believe that this transaction will allow us to be best at serving our customers.

Through this transaction, we expect to enhance our product offerings with technical expertise drawn from NSC's global operations, their innovation, and their research and development. The transaction will provide our customers with a truly global suite of automotive steel products.

Automotive OEMs with a global presence will have a global steel partner located in the United States to serve their needs, ranging from advanced high-strength steels to the high-end electrical steel, the automotive industry is demanding. NSC's reputation precedes them as a leader in non-grain and grain-oriented electrical steels, and that technology is coming here, for us to produce advanced mined, melted and made in America electrical steels.

In the U.S., we recently commissioned our non-grain oriented electrical steel line at Big River Steel in Arkansas. As part of the transaction, NSC will be acquiring the newest and most advanced NGO asset in the United States today. Together with their global portfolio of electrical steels, we will be better able to serve the electric vehicle and renewable energy revolution right here in the United States.

We're also so enthusiastic about the shared commitment to research and development that will accelerate sustainable, profitable, and cutting-edge steel solutions for our customers. In fiscal 2022, NSC invested approximately \$500 million in research and development. And with this transaction, intends to extend its investment, now with increased R&D in the United States as well.

Together, NSC and U.S. Steel will focus on process, technology, research, to innovate towards the most effective and environmentally sustainable process applications. Together, NSC and U.S. Steel, will also focus on product technology research to develop the next generation of steel for virtually any application.

Together, we are bringing greater innovation to the United States for the betterment of American workers, American consumers and American ingenuity. Our automotive customers are expected to soon have access to the world's best automotive and electrical steel technology. And the best part? It will all be produced by an American workforce right here in the United States of America for our U.S. customers.

So to summarize, I couldn't be happier with the outcome of our strategic review process because it delivers on what is best for each of our stakeholders. And importantly, this is the best value with certainty and timeliness to close. Now as I mentioned at the start of the call, we're fortunate to have Takahiro Mori, Representative Director of NSC, with us on the call to share NSC's perspective on the deal, Mori-san, the floor is yours.

Takahiro Mori - *Nippon Steel Corporation - EVP, Head of Global Business Development, Project Leader of India Project & Director*

Thank you, Dave, and good morning, everybody. This is Takahiro Mori, Representative Director of Nippon Steel.

I'll start on Slide 5. On behalf of Nippon Steel, we want to express our excitement about our acquisition of U.S. Steel and extend our welcome to the U.S. Steel employees. NSC has a deep respect for U.S. Steel, its history, and the contributions it has made to society. This is a historic transaction for us. We believe we have found the right partner to accelerate our ambition as the best steel maker with world-leading capabilities, while also strongly aligned with U.S. Steel's Best for All strategy.

We believe this transaction is compelling for several reasons. First, we are combining our cutting-edge technologies to advance innovation and deliver high-grade steel products to address a growing global demand. We will share our leading technologies and manufacturing capabilities to be at the forefront of innovation and digital transformation with steel making.

Next, both Nippon Steel and U.S. Steel have a shared commitment to drive the world's steel industry towards decarbonization.

Finally, NSC has a strong track record of positively working with all of our stakeholders, and we intend to continue that approach with U.S. Steel's employees, unions, customers, suppliers, and communities.

Specifically, we will honor U.S. Steel's commitment to its employees including all collective bargaining agreements in place with its unions and these relationships will continue uninterrupted. We look forward to building on U.S. Steel's strength across several areas, including its solid history, robust manufacturing base, excellent management team, dedicated employee base, and strong financial position.

I also want to highlight our commitments to maintain U.S. Steel's iconic name, brand and headquarters in Pittsburgh, Pennsylvania, and we believe that the mutual beneficial labor relations at U.S. Steel will continue to be based on open dialogue between U.S. Steel and the unions representing its employees.

Across the board, the addition of U.S. Steel will add significant human capital as well as manufacturing and R&D expertise, supported by a strong balance sheet.

For those of you aren't familiar with Nippon Steel, let me give you a brief background. Headquartered in Tokyo, we are Japan's largest steel maker and one of the world's leading steel manufacturers. We are focused on expanding capacity in areas of growing demand and in sectors in which our technology and products are appreciated, especially in the United States.

With the addition of U.S. Steel's 20 million annual tons of capacity, we are significantly accelerating our path towards achieving our ambitions. Post close, we expected to have an approximately annual capacity of 85 to 86 million tons. This will accelerate our path towards our strategic goal of 100 million tons of annual global crude steel production.

One of the most exciting aspects of this transaction is our ability to combine our highly complementarily cutting-edge technologies to help advance innovation across the industry, as Dave has already highlighted. The benefits extend across both our product technologies where we will be better positioned to serve our customers as well as our operational and equipment technology that will allow us to operate more efficiently, while also supporting our sustainability goals.

Finally, the combined commitment to leveraging our respective R&D capabilities will remain steadfast. Synergies from our transaction will be primarily driven by bringing together advanced production technology and know-how between United States Steel and Nippon Steel, including in cost-effective operations, energy saving, and recycling.

On the Nippon Steel side, I want to highlight, in particular, our strength in innovation that result in increased production competitiveness. This strength is across several sectors and multiple different uses, including electrical steel sheet and the flat product for automotive use, electrical and construction. Our aim is to deliver added value to customers through the application of NSC's product technologies.

We are also excited to add U.S. Steel's state-of-the-art mini-mill at the Big River's site in Arkansas, which is one of the most advanced sustainable mills in North America. With Big River 2 scheduled to start production in 2024 and be at full production and capability level by 2026, nearly doubling current capacity, U.S. Steel is well positioned to continue to be strong innovator. Big River steel will have the ability to create differentiated automotive sheet, steel, sustainably produced electrical steels as well as value-added products to serve the steel industries.

People may not know that Nippon Steel had successfully operated in the United States for almost 40 years, because we have relatively limited footprint in the United States. Through the legacy of our U.S. subsidiaries, we are proud of the contributions they have made to American industries. We first entered the United States when we established a joint venture with Wheeling-Pittsburgh Steel in 1986, which later become a wholly-owned subsidiary. Our main products manufactured in the United States include forged railroad wheel and axles, a coated flat steel, crankshafts for automotive, alloyed steel wire and steel pipe.

Together with United States Steel, Nippon Steel is committed to serving customers in the United States seeking high performance steel products to meet the needs of every application. The acquisition of United States Steel will significantly build on the -- expand our operations in the country.

Importantly, Nippon Steel and U.S. Steel have shared committed to decarbonized by 2050. A key area of collaboration post-transaction will be continuing to advance these efforts and collaborate on alternative technologies in decarbonization. Nippon Steel is developing 3 breakthrough technologies towards carbon neutrality, including hydrogen injection technology into blast furnaces, high-grade steel production in large size electric arc furnaces, and hydrogen use in the direct ironreduction process.

U.S. Steel is similarly focused on reducing its carbon footprint, including continuously striving to use less energy in its existing operations, integrating electrical arc furnace capabilities into its footprint and is constructing a second state-of-the-art mini-mill in Arkansas. We believe that together, we can accelerate technological development and commercialization in decarbonization technologies to build towards a more sustainable society.

With that, let me hand the call back to Dave. Thank you.

David Boyd Burritt - *United States Steel Corporation - President, CEO & Director*

Thanks, Mori-san. By now you're beginning to see the shared values and priorities of our 2 great companies.

Turning to Slide 13, and before we turn to Q&A, I want to highlight how this transaction also combines 2 like-minded steel companies.

Despite being headquartered on opposite corners of the globe, U.S. Steel and NSC share some important commonalities. The U.S. Steel and NSC combination is a natural one built on a foundation of shared values and interest. We are both iconic companies in our respective countries, each with rich histories. We each have an unwavering commitment to safety and shared values like our steel principles. NSC and U.S. Steel are also aligned in our commitment to decarbonization by 2050. A key area of collaboration going forward will be to drive alternative technologies to focus on reducing the carbon intensity of the steelmaking process.

Finally, to all of the communities we have the privilege of serving U.S. Steel will still be here for you in Pittsburgh, and in each of the locations we operate in. We are pleased that NSC is dedicated to being a productive member of these communities and that the U.S. Steel relationships have long-standing tradition of charitable giving will continue.

Before we move to Q&A, let me summarize the key messages from today's call. For U.S. Steel stockholders, the proposed deal represents maximum value, a timely transaction close, and a high level of closing certainty.

For Nippon Steel stockholders, today's proposed deal accelerates global ambitions while also strongly aligning with U.S. Steel's Best For All strategy. Today's announcement joins 2 storied steel companies, we share values and visions for the future of steel.

Emily, let's open up the line for Q&A.

QUESTIONS AND ANSWERS

Emily Christine Chieng - *United States Steel Corporation - IR Officer*

Thank you, Dave. (Operator Instructions) Operator, could you please open up the line?

Operator

(Operator Instructions) Our first question is from the line of Tristan Gresser with Exane PNB Paribas.

Tristan Gresser - *BNP Paribas Exane, Research Division - Research Analyst*

Congratulations. First question is for Dave. I think when you look at the process and to create value, I believe you had to look at the completion risk and you addressed that in the presentation and the remarks. So can you share a little bit, you saw, how you view this deal from that perspective? And I'm not talking about antitrust, but more the political climate in the U.S. that could maybe be a bit hostile to foreign ownership even from a long-time allied countries and notably in sector with national security aspect. That's my first question.

David Boyd Burritt - *United States Steel Corporation - President, CEO & Director*

That's a really good question, Tristan. Thank you for answering that. I think the bottom line on all this is that the combination is good for the United States and creates more competitive market here with one of United States' greatest allies. Just think about that for a minute. This is going to increase competition here in the United States, with a great ally to the United States. It's a great fit, and we do not see that as a high level risk, in fact we'd say, low level of risk.

Tristan Gresser - *BNP Paribas Exane, Research Division - Research Analyst*

Okay. That's clear. My second question, if I may, for Takahiro Mori, please. I believe, given the decarbonization targets you have in Japan and the push towards EAF technology there and I think the introduction of carbon prices, what types of synergies or opportunities you're going to be able to leverage from a U.S. footprint in terms of the decarbonization angle in Japan. And I'm talking, could we see some steel flowing from U.S. to Japan for certain uses? Or any color there that you could give would be appreciated.

Takahiro Mori - *Nippon Steel Corporation - EVP, Head of Global Business Development, Project Leader of India Project & Director*

Okay. Okay. As to the decarbonization, as I told you that Nippon Steel is challenging the 3 innovative technologies. So we can contribute to the United States Steel in this point. And also in the United States that the CCUS is very promising. So I think combining these 2 approaches, different approaches, we can contribute further for the decarbonization and the sustainable society.

Tristan Gresser - *BNP Paribas Exane, Research Division - Research Analyst*

All right. And maybe just a quick follow-up there. So there is no plan to, let's say, ship pig iron from the U.S. to Japan?

Takahiro Mori - *Nippon Steel Corporation - EVP, Head of Global Business Development, Project Leader of India Project & Director*

No, no. We don't have such plan at this moment.

Operator

Our next question is from the line of Lawson Winder with Bank of America Securities.

Lawson Winder - *BofA Securities, Research Division - VP & Research Analyst*

Congratulations, First question would be, has there been any conversations with the UAW, and is there any implicit or explicit support from that?

David Boyd Burritt - *United States Steel Corporation - President, CEO & Director*

This is Dave. We've had outreaches at various levels in the organization, and I think the key issue here that's really important is that this agreement honors and assumes all agreements between U.S. Steel and the USW, and recognizes the union as the bargaining representative of the USW-represented employees. There's no changes to the existing collective bargaining agreements, but we have ongoing dialogues. I reached out this morning to the Head of the Union, Dave McCall. I'm awaiting a call back, but I understand that at multiple levels throughout the organization, we've made those connections.

Lawson Winder - *BofA Securities, Research Division - VP & Research Analyst*

Fantastic. For my follow-up, Mori-san, if I could please ask about the plans with Big River Steel 2. The concept with U.S. Steel was to offset the Big River Steel 2 production with closures elsewhere. Would that still be the plan under your ownership?

Takahiro Mori - *Nippon Steel Corporation - EVP, Head of Global Business Development, Project Leader of India Project & Director*

We are supportive of U.S. Steel's plan for production in the future. So we're just following the current U.S. Steel production plan. And I think, I believe that the U.S. Steel is planning to shift some quantity from the other mills to Big River Steel 2. So I'm thinking our plan is to follow that plan.

Operator

Our next question is from the line of Phil Gibbs with KeyBanc Capital Markets.

Philip Ross Gibbs - *KeyBanc Capital Markets Inc., Research Division - Director & Equity Research Analyst*

In terms of Nippon's existing automotive share in the United States or globally, is there any way to frame that up? I'm trying to just think about the existing and future presence within that sector, given you highlighted it is something that is important.

Takahiro Mori - *Nippon Steel Corporation - EVP, Head of Global Business Development, Project Leader of India Project & Director*

Okay. So I don't think we have a significant share in the United States automotive industry. But in Japan, we have a significant percentage of the share. I cannot disclose the share itself at this moment. But we are planning to inject our technology to United States Steel and to be more stronger or competitive to the automakers, and we would like to provide high-quality steel and services that might improve the customer relationship in the United States. That's my plan.

Philip Ross Gibbs - *KeyBanc Capital Markets Inc., Research Division - Director & Equity Research Analyst*

That's helpful. And does this transaction at all change your plans in terms of finishing the EAF at Calvert with Arcelor?

Takahiro Mori - *Nippon Steel Corporation - EVP, Head of Global Business Development, Project Leader of India Project & Director*

It doesn't affect our relationship with ArcelorMittal. The Calvert is Calvert and the U.S. Steel is U.S. Steel.

Operator

(Operator Instructions) Our next question is from the line of Gordon Johnson with GLJ Research.

Gordon Lee Johnson - *GLJ Research, LLC - CEO & Founder*

Congratulations on the bill. I think the price surprised me. So I guess the first question is, this is kind of asked initially, but just a quick follow-up. Given the extended authority of CFIUS in 2018, is there any risk you guys see of them coming in and potentially questioning this deal? And then a quick follow-up, please.

David Boyd Burritt - *United States Steel Corporation - President, CEO & Director*

I don't believe so. No.

Gordon Lee Johnson - *GLJ Research, LLC - CEO & Founder*

Okay. And then I guess a follow-up would be just the -- I guess, the utilization and the efficiencies of Big River. I guess since acquiring Big River, the cost there have been up slightly since you U.S. Steel acquired them. Are there any specific plans you guys can highlight with respect to more efficiently operated assets?

David Boyd Burritt - *United States Steel Corporation - President, CEO & Director*

Gordon, I'm not sure I understand your question. You're asking about what are we doing to improve the efficiency of Big River, was that the question?

Gordon Lee Johnson - *GLJ Research, LLC - CEO & Founder*

Yes. I guess more specifically, just since acquiring Big River in the first quarter of '21, just looking at the most recent filings, EBITDA per ton is down roughly 59% and the mini-mill cost per ton are up roughly 23%. So I guess the question is just going forward.

David Boyd Burritt - *United States Steel Corporation - President, CEO & Director*

Sure. We're always focused on continuous improvement. I think the thing to really remember here is that the NGO galvanizing line, it's up and running. We're going to get some benefits to that longer term. Obviously, there's start-up and things like that, that we're going through with that process that we feel absolutely wonderful about this Big River facility. And with Big River 2, it's going to be even more remarkable.

So I think this is a great asset for us, and it continues to get better. We have start-ups, and we move forward and we're pleased to report that we continue to be on budget on time. And so this is a wonderful place to be.

Operator

Our next question is a follow-up question from the line of Tristan Gresser with Exane PNB Paribas.

Tristan Gresser - *BNP Paribas Exane, Research Division - Research Analyst*

This is a question for Takahiro Mori, please. I believe in your presentation, there are mentions of the attractiveness of the U.S. steel market, but could you discuss a little bit, Europe, where you acquired three blast furnace in Slovakia, potentially. So what would be the strategy there? And a bit similar to Japan, there are a lot of pressure on the blast furnace route with decarbonization. So there could be some needed investment in that country. So how do you view your presence in Europe? And what would be the strategy there?

Takahiro Mori - *Nippon Steel Corporation - EVP, Head of Global Business Development, Project Leader of India Project & Director*

Yes. As to the Europe, this is quite new for us. And this is the place that we don't originally planning to get into the market we get into. So after the transaction, we have to think about how we can utilize the operation in the Europe. That's my current situation. However, apparently, the United States' U.S. Steel has its plan at this moment. And I have to dig in that plan is that good or not. And after the evaluation of that plan, I'm going to start thinking what we can do in the future.

Operator

There are no further questions on the line at this time. I'll turn the call back to the U.S. Steel CEO for closing remarks.

David Boyd Burritt - *United States Steel Corporation - President, CEO & Director*

Thank you to everyone for joining us this morning on such short notice and for the discussion. As we conclude, a special thank you to our customers, today's announcement highlights the close partnership and the global innovation that we will bring to you.

Importantly, thank you to our employees for your unwavering commitment to safety, and I'm so grateful for each and every one of you. We hope you're as excited about today's announcement as we are. We look forward to updating you on the business performance at our fourth quarter earnings call and truly appreciate your interest in and engagement with U.S. Steel. U.S. Steel's best days are ahead together. Now let's get back to work safely.

Operator

That does conclude the conference call for today. We thank you for your participation and ask that you please disconnect your lines.

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