



United States Steel Corporation
600 Grant Street, Suite 6100
Pittsburgh, PA 15219-2800
(412) 433-1130

David B. Burritt
President & Chief Executive Officer

Lourenco Goncalves
Chairman, President and Chief Executive Officer
Cleveland-Cliffs Inc.
200 Public Square, Suite 3300
Cleveland, OH 44114

CONFIDENTIAL - SENT VIA EMAIL

August 13, 2023

Dear Lourenco,

I am writing on behalf of United States Steel Corporation (the “Company”) in response to Cleveland-Cliffs Inc.’s proposal letter dated July 28, 2023 and further updated on August 11, 2023. Since receiving your initial proposal, the Company’s Board has met multiple times, with the assistance of our financial advisors, Barclays and Goldman Sachs, and our legal advisors, Milbank and Wachtell, to evaluate the merits and risks of your proposal.

At my and the Board’s direction, our advisors indicated our willingness to enter into an NDA with you on August 7, 2023, so that we could have further clarity on several key issues, including valuation of the stock component of your proposal, regulatory risk and timing as well as the prospects for the combined company. We discussed with your counsel questions that would need to be better understood in order for both of us to appropriately assess the antitrust risk of your proposal; and while your counsel agreed that this would need to be analyzed, and was amenable to our proposal to work on this together, this still has not happened. After multiple conversations about, and our team’s engagement in good faith negotiations over, the terms of the NDA, we were shocked to receive a letter on Friday, August 11th stating that you refused to sign the nearly completed NDA unless we agree to the economic terms of your proposal in advance.

As you well know, our Board – or any board – could not, consistent with its fiduciary duties, agree to a proposal of which 50% is represented by your stock without conducting a thorough and completely customary due diligence process, to evaluate the risks and potential upsides and downsides inherent in the transaction, including the stock component. Doing otherwise would be tantamount to accepting a price without knowing what it in fact represents. Nor could our Board agree to your “headline price” without appropriate discussion – under NDA – regarding the contribution of U. S. Steel to the value of the combined businesses. Pushing our Board to do so is in essence a demand that it breach its fiduciary duties.

The Company, led by the Board and management team, has made significant progress transforming the Company into a customer-centric, world-competitive Best for All® steelmaker as we continue to win in strategic markets, move down the cost curve and move up the talent curve. This proven strategy has provided customers with profitable steel solutions for people and the planet, while rewarding our stockholders. At this juncture, we cannot determine whether your unsolicited proposal properly reflects the full and fair value of the Company.



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For all of the above reasons, the Board has no choice but to reject your unreasonable proposal.

The U. S. Steel Board remains committed to maximizing value for stockholders, and to that end has decided to initiate a formal review process to evaluate strategic alternatives. If you would like to engage in that process, we invite you to reach out to our financial and legal representatives and welcome you to join our process.

Sincerely,

A handwritten signature in black ink, appearing to read "DBB", followed by a stylized flourish.

David Burritt
President & Chief Executive Officer

CC: David S. Sutherland
Board Chair, United States Steel Corporation Board of Directors

Duane D. Holloway
United States Steel Corporation, SVP, General Counsel, and Chief Ethics & Compliance Officer