

United States Senate

WASHINGTON, DC 20510

October 2, 2024

David Burritt
President & Chief Executive Officer
United States Steel Corporation
600 Grant Street
Pittsburgh, PA 15219

Dear Mr. Burritt:

We write to you regarding our ongoing concern over the acquisition of U.S. Steel by Nippon Steel. We are also concerned about the financial incentives for you and other U.S. Steel executives – including the possibility that you will receive a \$72 million golden parachute payment if the deal goes through¹ – and the extent to which these incentives are driving the transaction despite its risks.

For the past year, U.S. Steel, a storied American steel manufacturing company, has been subject to an increasingly controversial potential acquisition.² In December 2023, Nippon Steel, a Japanese steel producer, agreed to acquire U.S. Steel in an all-cash bid valued at \$14.1 billion.³ President Biden and other elected officials and organizations have since voiced opposition to the deal, arguing that the company should remain American operated.⁴

The United Steelworkers (USW) union has also raised concerns about the secretive nature of the transaction: U.S. Steel did not consult USW about the deal, even though the union’s members and retirees would be the population most at risk from the uncertainties caused by the merger of the company with a foreign steelmaker.⁵ Nippon’s conduct over the past nine months has only heightened USW’s concerns that Nippon will not commit to support steelmaking in the United States over the long term.⁶

¹ United States Securities and Exchange Commission, “Schedule 14A, United States Steel Corporation,” March 12, 2024, p. 78, https://www.sec.gov/Archives/edgar/data/1163302/000110465924033546/tm243679-12_defm14a.htm.

² CNN, “From powerhouse to afterthought: US Steel, once a symbol of America’s economic might, set to be sold to Japanese rival,” Chris Isidore, December 18, 2023, [https://www.cnn.com/2023/12/18/business/us-steel-history-before-nippon-deal/index.html#:~:text=While%20US%20Steel%20\(X\)%20remains,a%20bidding%20war%20since%20August](https://www.cnn.com/2023/12/18/business/us-steel-history-before-nippon-deal/index.html#:~:text=While%20US%20Steel%20(X)%20remains,a%20bidding%20war%20since%20August).

³ AP, “Storied US Steel to be acquired for more than \$14 billion by Nippon Steel,” Michelle Chapman, December 18, 2023, <https://apnews.com/article/us-steel-nippon-steel-acquired-industrialization-1a174c359756efd3ee0f0f9172a3bd6b>.

⁴ *Id.*

⁵ United Steelworkers, “USW Slams Nippon Plan to Acquire USS,” press release, December 18, 2023, <https://m.usw.org/news/media-center/releases/2023/usw-slams-nippon-plan-to-acquire-us>.

⁶ United Steelworkers, “No Going Back: Proposed USS Sale Threatens Long-term, Retirement Security,” September 12, 2024, <https://www.usw.org/union/mission/industries/metals/resources/bargaining-with-uss/no-going-back-proposed-uss-sale-threatens-long-term-retirement-security>

U.S. Steel has not addressed these critical concerns. Instead, just this month, you threatened to move the company’s headquarters out of Pittsburgh and take thousands of jobs with it if the deal with Nippon fails.⁷ You claimed that these would be “unavoidable consequences” if the deal is not completed.⁸ Far from being “unavoidable”, your threats are unjustified and unfair to U.S. Steel’s workers who have strengthened the company’s performance and helped mark U.S. Steel’s “second-best financial performance in the [c]ompany’s history” only two years ago.⁹

U.S. Steel was not in distress when it first received an unsolicited bid, and it is not in distress today. But if a merger is desired, there is no need for you to sell the company to a foreign-owned entity, as U.S. Steel has also received an alternative offer from a domestic steelmaker.¹⁰

Finally, we are troubled by reports that you are in line to receive \$72 million in additional cash and benefits if the deal is completed.¹¹ Indeed, according to the Company’s March 12, 2024 proxy statement, U.S. Steel’s named executive officers would receive in connection with the merger, change in control payments totaling over \$156 million – not including \$40.8 million in payments to non-employee members of the Board of Directors for previously non-vested stock-based awards.¹² If these reports are accurate, they demonstrate a repulsive conflict of interest in which U.S. Steel executives can enrich themselves at the expense of U.S. Steel workers.

In order to better understand the financial incentives underpinning your willingness to proceed with this deal, we request that you respond to the following questions by no later than October 16, 2024:

Questions

1. Reports and the U.S. Steel business combination proxy statement dated March 12, 2024 indicate that you are slated to receive approximately \$72 million in additional compensation if the Nippon Steel deal is completed.¹³
 - a. Are you still in line to receive this additional compensation if the deal is completed?

⁷ CBS News, “U.S. Steel warns Pittsburgh headquarters and thousands of jobs are in jeopardy without sale to Nippon,” Madeline Bartos, Jon Delano, September 4, 2024, <https://www.cbsnews.com/pittsburgh/news/us-steel-move-pittsburgh-headquarters-nippon-sale/>.

⁸ *Id.*

⁹ United States Steel, “U.S. Steel Delivering on Strategic Commitments; Reports Solid Fourth Quarter and Second-Best Earnings in 2022,” https://www.ussteel.com/perspective-detail/-/blogs/u-s-steel-delivering-on-strategic-commitments-reports-solid-fourth-quarter-and-second-best-earnings-in-2022-1?_com_liferay_blogs_web_portlet_BlogsPortlet_redirect=/perspective-detail#:~:text=Adjusted%20net%20earnings%20for%202021,performance%20in%20the%20Company's%20history

¹⁰ United States Steel, “U. S. Steel Confirms Receipt of Unsolicited Proposals from Cleveland-Cliffs and Multiple Other Parties; Reaffirms Competitive Strategic Review Process to Maximize Stockholder Value,” August 13, 2023, <https://investors.ussteel.com/news-events/news-releases/detail/641/u-s-steel-confirms-receipt-of-unsolicited-proposals-from>; CBS News, “Cleveland-Cliffs reiterates offer to buy mills U.S. Steel is threatening to close,” Kate Gibson, September 6, 2024, <https://www.cbsnews.com/news/cleveland-cliffs-wants-to-buy-mills-us-steel-is-threatening-to-close/>.

¹¹ United States Securities and Exchange Commission, “Schedule 14A, United States Steel Corporation,” March 12, 2024, p. 78, https://www.sec.gov/Archives/edgar/data/1163302/000110465924033546/tm243679-12_defm14a.htm.

¹² *Id.* pp 73, 78.

¹³ *Id.* p. 78.

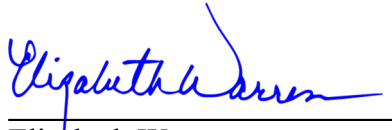
- b. What is the current estimate for the amount of compensation (including any additional bonuses, accelerated equity vesting, perquisites, or other compensation) you will receive if the deal is completed?
 - c. Do you presently intend to accept this additional compensation, if offered?
2. Would you have been entitled to receive similar golden parachute compensation if an alternative offer had been accepted?
 - a. Please provide a 402(t) table for the approximate compensation you and the other named executive officers would have received if you had accepted an alternative offer. If it is not possible to provide this information for certain columns of the table, please explain why, and provide the data for the remaining columns.
3. You reported in your proxy statement that other named executive officers and directors of U.S. Steel will receive \$125 million worth of bonuses, accelerated equity awards, and other compensation if the Nippon Steel deal is completed.¹⁴
 - a. Has there been any change in the amount of compensation the other named executive officers and directors will receive?
 - b. What is the current total amount of compensation that U.S. Steel executives and board members will receive in the event Nippon Steel purchases U.S. Steel?
4. In addition to the total amount of severance bonuses payable to U.S. Steel executives as reported in the March 12 proxy statement, U.S. Steel executives will be eligible for and paid salary, additional incentive bonuses, accelerated vesting and payment of existing restricted stock awards, annual bonus or commission incentive bonuses, and additional stock awards and options for calendar year 2024.
 - a. Please list each type of compensation and the amount projected to be received by you, each of U.S. Steel's named executive officers, and U.S. Steel's other executive officers as a group, that is not included in the compensation disclosures of the March 12 business combination proxy statement.
5. For months, numerous elected officials including President Biden have voiced their opposition to this deal. Earlier this month, for the first time publicly, you warned that the consequences of the U.S. Steel-Nippon deal falling through could result in the loss of jobs and business in Pittsburgh.¹⁵
 - a. What new business facts have emerged in the last few weeks that have contributed to this development?
 - b. What benefit is derived from threatening to close U.S. Steel's Pittsburgh headquarters?

¹⁴ This includes \$84 million for other named executive officers and \$40.8 million in unvested equity awards for non-employee directors of USS. United States Securities and Exchange Commission, "Schedule 14A, United States Steel Corporation," March 12, 2024, pp. 73, 78, https://www.sec.gov/Archives/edgar/data/1163302/000110465924033546/tm243679-12_defm14a.htm.

¹⁵ CBS News, "U.S. Steel warns Pittsburgh headquarters and thousands of jobs are in jeopardy without sale to Nippon," Madeline Bartos and Jon Delano, September 4, 2024, <https://www.cbsnews.com/pittsburgh/news/us-steel-move-pittsburgh-headquarters-nippon-sale/>.

If you, in fact, shut existing unionized plants, will you commit to selling these closed union assets to companies willing to operate and maintain them and refuse to transfer the facilities to liquidators?

Sincerely,



Elizabeth Warren
United States Senator



Sherrod Brown
United States Senator