

**Ancora Catalyst Institutional, LP  
c/o Ancora Alternatives LLC  
6060 Parkland Blvd, Suite 200  
Cleveland, Ohio 44124**

February 17, 2025

**BY EMAIL AND OVERNIGHT MAIL**

United States Steel Corporation  
600 Grant Street, Suite 1844  
Pittsburgh, PA 15219  
Attn: Megan A. Bombick  
Associate General Counsel, Securities & Corporate Secretary

Dear Ms. Bombick:

Ancora Catalyst Institutional, LP, a Delaware limited partnership (along with certain

Ancora also has reason to suspect that Mr. Burritt sought to trade on material nonpublic information when he, with the help of the Company, implemented a 10b5-1 trading plan in or after June 2023 providing that his stock would be sold if the market price for the Company's stock exceeded \$49.87. At the time the plan was instituted, U.S. Steel's stock price was trading at \$22.63 per share, and had not exceeded \$49.00 for more than twelve years. But critically, the Company had already begun receiving interest in a take-private deal, which positioned the Company for a significant jump in its stock price. This predictable stock jump occurred soon thereafter, allowing Mr. Burritt to profit by over \$12.6 million.

Through this Demand, Ancora seeks to:

- (i) investigate potential wrongdoing in connection with (i) whether the directors and officers of the Company have breached their fiduciary duties to the Company and its stockholders with respect to its waste of corporate resources and potentially disloyal pursuit of the Merger and (ii) committing or assisting in the commission of insider trading;
- (ii) investigate whether the Board is violating its duty of loyalty by taking actions to improperly entrench itself ahead of the 2025 Annual Meeting;
- (iii) assess whether to take action in response to the results of the investigation, including potential litigation; and
- (iv) to communicate with other Company stockholders regarding matters relating to their interests as stockholders and as to each of the above topics, so that stockholders may effectively address any mismanagement, improper conduct or breach of fiduciary duties.

## **Factual Background and Basis for this Demand**

### **I. Relevant Background**

#### *The Merger Between U.S. Steel and Nippon Fails to Obtain CFIUS Approval*

U.S. Steel is a leading steel manufacturer founded in 1901. U.S. Steel provides steel products for the automotive, construction, appliance, energy, containers, and packaging industries. The Company also maintains advanced iron ore production and has an annual raw steelmaking capability of 25.4 million net tons. U.S. Steel is headquartered in Pittsburgh, Pennsylvania, with operations across the United States and in Central Europe.

On December 18, 2023, the Company entered the Merger Agreement with Nippon, pursuant to which Nippon would purchase the Company for \$14.9 billion, with each share of US Steel common stock converted to \$55.00 in cash, without interest, subject to tax withholding. The Merger has faced immediate bipartisan criticism in the United States, with both Presidents Biden

On December 23, 2024, CFIUS notified President Biden by letter that it was unable to reach a conclusive decision about whether Nippon should be permitted to acquire U.S. Steel, referring the final decision to President Biden. On January 3, 2025, President Biden issued an executive order prohibiting the Merger on national security grounds.

*U.S. Steel Files a Gratuitous and Futile Suit in the D.C. Circuit*

On January 6, 2025, the Company, Nippon and U.S. Steel jointly filed a lawsuit in the United States Court of Appeals for the District of Columbia Circuit, challenging President Biden's executive order and the CFIUS process as violating the Company's constitutional due process rights (the "Petition for Review").

U.S. Steel pursued this expensive litigation strategy even though it was not required to do so by the Merger Agreement and despite the fact that executive orders are not appealable under the relevant statute.

Section 6.7 of the Merger Agreement sets forth the Best Efforts required of the parties to the agreement, which includes reasonable best efforts to, amongst other things, take all actions necessary, proper, or advisable under the applicable laws to consummate the transaction

Approval is a closing condition of the Merger that cannot be waived. The D. Petition for Review is by any and all objective measure unreasonable, unnecessary, and an inadvisable waste of stockholder dollars spent on futile litigation, thus raising serious questions about the Company's decision to file and continue to pursue the D Petition for Review, and whether the Company's Board and officers have their fiduciary duties in doing so.

## **II. U.S. Steel Board Engages in Self-Interested and Entrenching Conduct With Circuit Court Suit**

Given that the Petition for Review is gratuitous and futile, Ancora has a credible basis to suspect that U.S. Steel's Board and management have elected to continue to pursue this expensive and meritless litigation strategy for improper self-interest reasons. As the Company well knows, on January 26, 2025, Ancora nominated nine director candidates for election to U.S. Steel's Board at the 2025 Annual Meeting, including Alan Kestenbaum, a proposed new CEO of the Company. Ancora's public campaign in support of its Board candidates and CEO candidate has focused on criticism of the Merger, referring to it as an "extremely poor decision" that has "kept U.S. Steel in a corroded state" according to its public letter to the Board dated January 27, 2025.

By continuing to litigate this losing battle, the Board dangles the carrot of a future merger premium in front of stockholders who might otherwise look to refresh the Board but may refrain from doing so out of a false belief – narrated to them by the incumbent Board – that consummation of the Merger, brokered by the current Board, is possible. So long as the litigation remains pending, the Company can sell a story to the market in which the Common Stock offers upside to

revised proposal. That same day, another set of buyers referred to by the Merger Proxy as “Consortium B” proposed to buy certain segments of U.S. Steel for \$3.45 billion in cash, which was delivered in writing on June 30, 2023.

By July 13, 2023, Company A had informed Burritt and other members of U.S. Steel that it planned to deliver an all-cash offer to acquire all outstanding shares of U.S. Steel common stock, which bid was received on July 19, 2023, and which proposed a price of \$31.50 per share. After U.S. Steel then announced it was conducting a strategic alternatives review process, in August 2023, more than 19 counterparties were contacted, including Nippon. In the bidding war that followed, even as late as December 2023, five bidders had submitted proposals—including Company A and Consortium B. By December 15, 2023, one Company had submitted a value of

most common ‘proper purpose’ is the desire to investigate potential corporate mismanagement, wrongdoing or waste.” (internal quotation marks and citations omitted); *Amalgamated Bank v. UICI*, 2005 WL 1377432, at \*4 (Del. Ch. June 2, 2005) (finding that inspection of a corporation’s books and records related to a stockholder’s investigation of potential breaches of fiduciary duty was allowed as that was a “proper purpose”); *see also Seinfeld v. Verizon Commc’ns Inc.*, 909 A.2d 117, 121 (Del. 2006) (citing *Nodana Petroleum Corp. v. State ex rel. Brennan*, 123 A.2d 243, 246 (Del. 1956)). Investigating mismanagement is proper “because where the allegations of mismanagement prove meritorious, investigation furthers the interest of all stockholders and should increase stockholder return.” *Id.* (citing *Saito v. McKesson HBOC, Inc.*, 806 A.2d 113, 115 (Del. 2002)).

Of note, Delaware law only requires a showing of a “credible basis” of the possibility of wrongdoing when seeking books and records. *Thomas & Betts Corp. v. Leviton Mfg. Co., Inc.*, 681 A.2d 1026, 1031 (Del. 1996). Credible basis is the “lowest possible burden of proof”; a “stockholder need not show that corporate wrongdoing or mismanagement has occurred in fact, but rather the ‘threshold may be satisfied by a credible showing, through documents, logic, testimony or otherwise, that there are legitimate issues of wrongdoing.’” *AmerisourceBergen Corp. v. Lebanon County Employees’ Ret. Fund*, 243 A.3d 417, 426-27 (Del. 2020). Moreover, “[a] demand does not have to articulate a specific legal theory. A demand has to explain why the stockholder has a credible basis to suspect wrongdoing.” *The Employees’ Retirement System of Rhode Island v. Paramount Global*, C.A. No. 2024-0457-SEM (Del. Ch. Jan. 2025).

Here, there is a credible basis to suspect wrongdoing when the Demand seeks to investigate

## Materials Requested

Ancora makes this demand for books and records directed to the Company under oath and affirms such demand to be true under penalty of perjury under the laws of the United States or any state. For each demand unless another relevant period is stated, Ancora demands the production of documents that have been created or distributed from March 1, 2023, through the present. Specifically, Ancora demands, to the extent they exist, the following books and records of the Company, and to make copies of extracts therefrom:

1. With respect to the Merger:
  - (a) for the period from December 18, 2023, to the present, all Board Materials<sup>1</sup> and Executive Officer Materials<sup>2</sup> relating to: Company's deliberations, discussions and evaluation of options for the Merger Agreement in the event that CFIUS denies approval or the President enjoins the Merger, including without limitation, terminating the Merger Agreement, potential legal action, and the likelihood of success if any such legal action and the likelihood and potential for the Merger closing, including the merits of any review of that decision;
  - (b) for the period from January 1, 2023 to the present, any discussions or agreements between Nippon and any Executive Officer or Director regarding any post-Merger involvement, employment, board position or other engagement;
  - (c) All documents concerning conflicts of interest of the members of the Board, the Special Committee, and/or the Company's senior management, including, but not limited to documents reflecting any joint investments, co-investments, shared business ventures, jointly-owned assets, profit sharing agreements, and any other financial or business relationships by and between, on the one hand, the members of the Board and/or the Company's senior management, and, on the other hand, Nippon and any entities owned or controlled by it;

---

<sup>1</sup> The term "Board Material" used herein means all minutes, resolutions, or other records of any Board and/or regular or special committee meeting, and all documents provided, considered, discussed, prepared, or disseminated, including materials on board portals, in draft or final form, at, in connection with, in anticipation of, or as a result, of any meeting of the Board or any regular or specially created committee thereof, including, without limitation, all presentations, Board packages, recordings, agendas, summaries, memoranda, charts, transcripts, notes, minutes of meetings, drafts of minutes of meetings, exhibits distributed at meetings, or resolutions. "Board Material" also includes "Informal Board Material," which includes electronic communications between directors and the corporation's officers and senior employees. *See KT4 P'rs LLC v. Palantir Techs., Inc.*, 203 A.3d 738, 742, 753 (Del. 2019).

<sup>2</sup> The term "Executive Officer Materials" means all documents and communications, regardless of whether they were ever provided to the Board or any committee thereof, discussed by, created by, provided to, and/or sent by the Company's executive officers.



- (d) All disclosure schedules to the Merger Agreement, including the Company Disclosure Letter and the Parent Disclosure Letter;
  - (e) All director questionnaires for current Company directors from the last three years, and all documents regarding their nomination and/or re-nomination to the Board; and
  - (f) Documents sufficient to show the net worth and annual income of each member of the Board.
2. With respect to potential insider trading, for the period starting January 1, 2023, through June 30, 2023, all Board Materials and Executive Officer Materials relating to:
- (i) the Company's budget, plans, market value, private valuation (including asset value), projected future performance, projections;

Ancora immediately in writing, with a copy to Ms. Marks-Esterman, setting forth the facts that the Company contends support its position and specifying any additional information believed to be required. In the absence of such prompt notice, Ancora will assume that the Company agrees that this demand complies in all respects with the requirements of the DGCL. Ancora reserves the right to withdraw, modify or supplement this demand at any time.

*[signature page follows]*

Very truly yours,

Andrea Catalyt Institutional LP

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

AFFIDAVIT

State of Ohio )

) ss:

County of Cuyahoga )

Fredrick D. DiSanti

Deputy Sheriff

and (the basis of this demand for inspection) is true and correct.

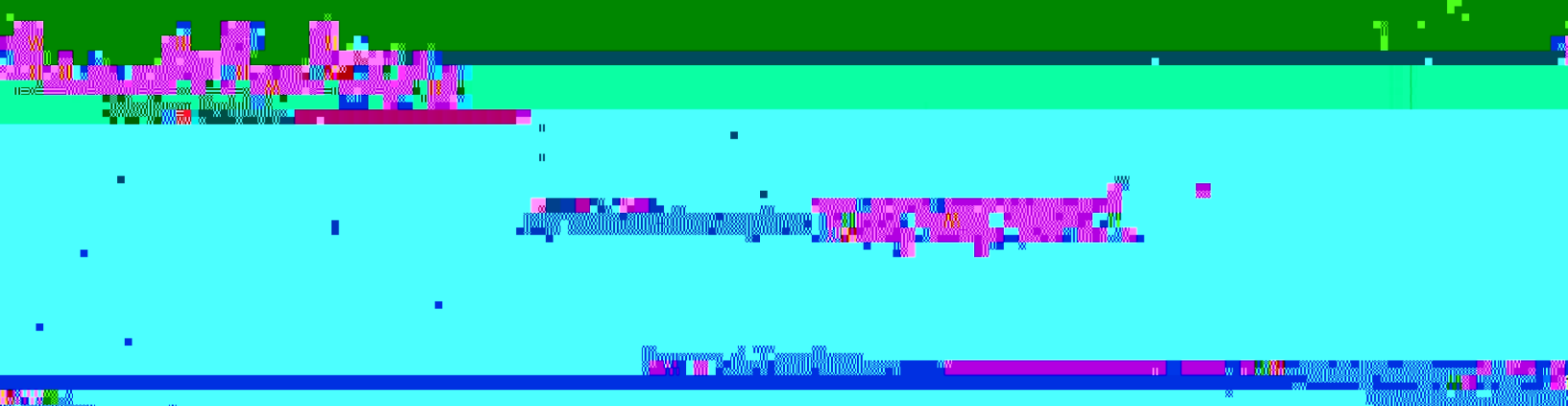
Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Notary Public for Ohio



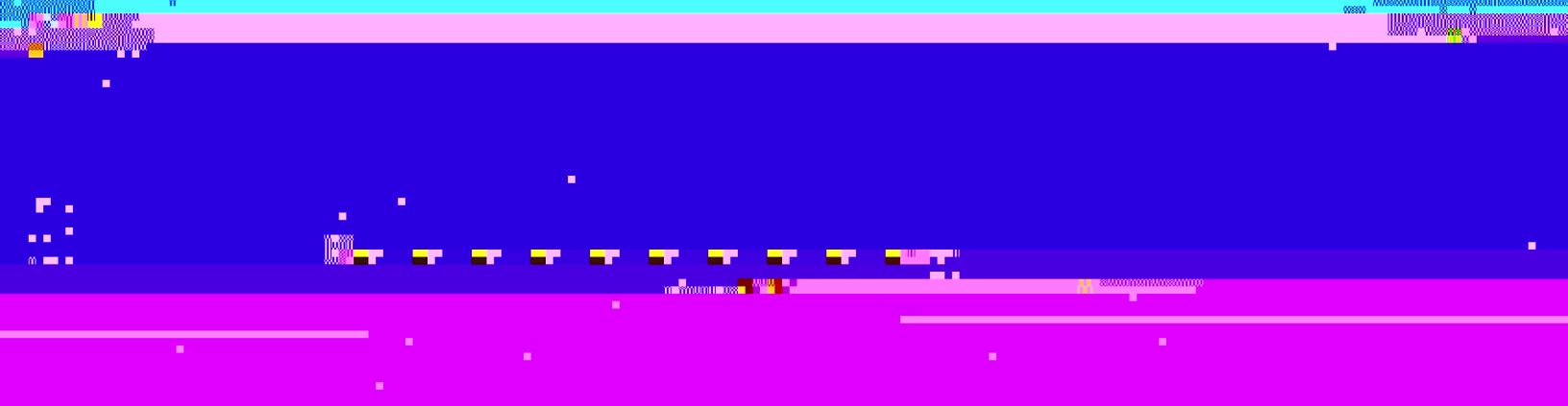
Notary Public for Ohio

My Commission Expires \_\_\_\_\_, 20\_\_\_\_.



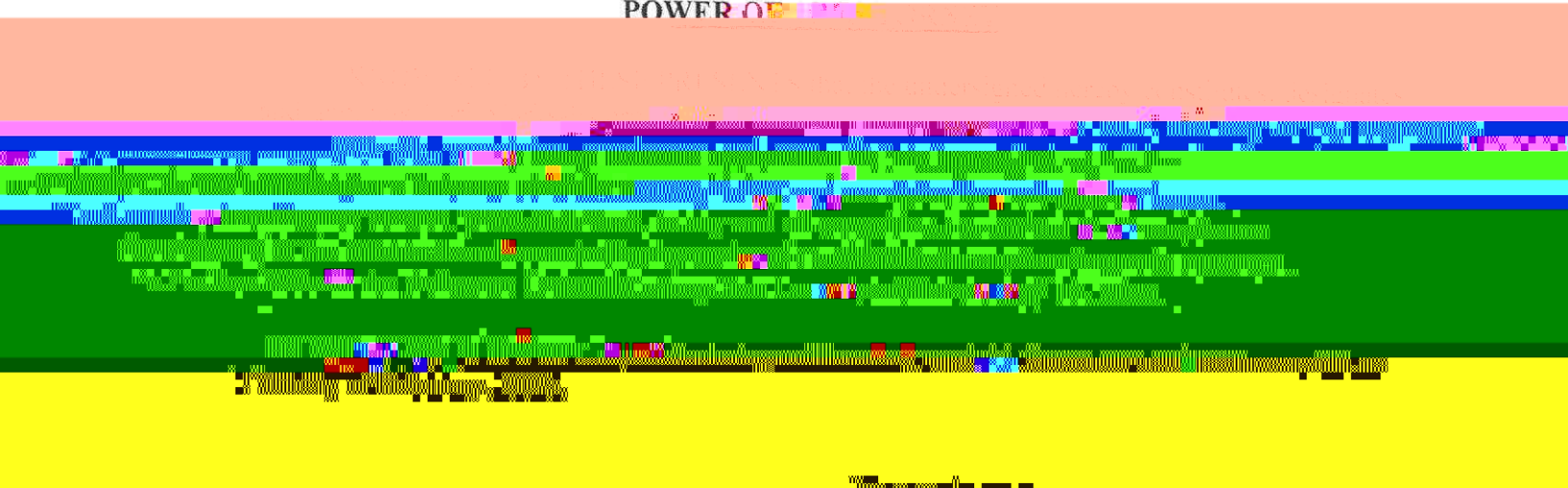
Notary Public for Ohio

My Commission Expires \_\_\_\_\_, 20\_\_\_\_.



Notary Public for Ohio

My Commission Expires \_\_\_\_\_, 20\_\_\_\_.



University of Michigan

University of Michigan, L.L.C.

1000 University of Michigan, L.L.C., 1000 University of Michigan, L.L.C.

member

W



University of Michigan, L.L.C.

13

University of Michigan

University of Michigan

University of Michigan