

## **Important U.S. Federal Income Tax Information for Shareholders Concerning the Distribution of Worthington Steel, Inc. Common Shares**

December 19, 2023

Dear Shareholder,

On December 1, 2023 (the “Distribution Date”), at 12:01 a.m. Eastern time, the previously announced separation of Worthington Steel, Inc. (“Worthington Steel”) from Worthington Enterprises, Inc.<sup>1</sup> (“Worthington Enterprises”) was completed. This separation was achieved through Worthington Enterprises’ pro rata distribution of 100% of the outstanding common shares of Worthington Steel to holders of record of Worthington Enterprises common shares as of the close of business on November 21, 2023 (the “Record Date”). Each holder of record of Worthington Enterprises common shares received one common share of Worthington Steel for every one common share of Worthington Enterprises held at the close of business on the Record Date (the “Distribution”).

This letter explains certain U.S. federal income tax consequences of the Distribution and describes how to allocate your tax basis between your Worthington Enterprises common shares and the Worthington Steel common shares you received in the Distribution.

**Tax Treatment of the Distribution.** The Distribution, together with certain related transactions, is intended to qualify as a reorganization within the meaning of sections 355 and 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (the “Code”), and Worthington Enterprises received an opinion of Latham & Watkins LLP regarding such qualification. Assuming this characterization is respected, you would generally not recognize gain or loss for U.S. federal income tax purposes upon receipt of the Worthington Steel common shares in the Distribution. If, however, you received cash in lieu of fractional shares you would recognize gain or loss as described below.

**Fractional Shares.** No fractional common shares of Worthington Steel were distributed in the Distribution. Instead, all fractional common shares of Worthington Steel were aggregated into whole common shares and sold in the public market, with the aggregate cash proceeds of these sales distributed pro rata (based on the fractional common share such shareholders would otherwise have been entitled to receive). The taxable gain or loss recognized with respect to any cash received in lieu of fractional shares is equal to the difference between the amount of cash received and your tax basis (determined as described below) in such fractional common shares of Worthington Steel.

**Tax Basis.** Your tax basis in the Worthington Enterprises common shares you owned immediately before the Distribution must be allocated between your Worthington Enterprises common shares and the common shares of Worthington Steel you received in the Distribution (including any fractional share for which you received cash).

This allocation is based on the relative fair market values of your Worthington Enterprises common shares and your Worthington Steel common shares. Although U.S. federal income tax laws do not specify how to determine fair market value, one approach is to use the average of the high and low share prices quoted on the New York Stock Exchange on December 1, 2023, the first day of regular-way trading for Worthington Enterprises and Worthington Steel common shares after the Distribution.

If you acquired your Worthington Enterprises common shares at different times and at different prices, you will need to calculate a separate tax basis for each block of Worthington Enterprises common shares you own and then allocate the basis in each block of shares separately to the Worthington Steel common shares you received. Worthington Enterprises suggests that you retain this letter to support your determination of your basis in your Worthington Enterprises common shares and your Worthington Steel common shares.

**Example:** This example assumes you choose to use the average high-low trading price on December 1, 2023, as the method of determining the fair market values of the Worthington Enterprises common shares

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<sup>1</sup> Formerly known as Worthington Industries, Inc.

and the Worthington Steel common shares.

Assumptions:

- Worthington Enterprises common shares owned immediately before the Distribution: 1,000
- Worthington Enterprises shareholder’s aggregate tax basis in Worthington Enterprises common shares immediately before the Distribution (assumed to be \$30.00 per share): \$30,000
- Worthington Steel common shares received in the Distribution (distribution ratio of 1:1): 1,000

Tax basis allocation:

	# Shares Owned	Assumed Beginning Basis (A)	Price	FMV of Shares Owned Post Distribution	% of Total FMV (B)	Allocated Tax Basis = (A) x (B)
Worthington Enterprises common shares	1,000	\$30,000	\$46.57 <sup>1</sup>	\$46,570 <sup>3</sup>	66.37% <sup>5</sup>	\$19,910
Worthington Steel common shares	1,000		\$23.60 <sup>2</sup>	\$23,600 <sup>4</sup>	33.63% <sup>6</sup>	\$10,090
Total				\$70,170	100.00%	\$30,000

<sup>1</sup> Average of the high and low share prices of Worthington Enterprises common shares on December 1, 2023 rounded to nearest cent

<sup>2</sup> Average of the high and low share prices of Worthington Steel common shares on December 1, 2023 rounded to nearest cent

<sup>3</sup> 1,000 shares x \$46.57

<sup>4</sup> 1,000 shares x \$23.60

<sup>5</sup> \$46,570/\$70,170

<sup>6</sup> \$23,600/\$70,170

You are not bound by the approach used in this example, and there may be other reasonable approaches for determining the fair market values for allocating your basis between Worthington Enterprises and Worthington Steel common shares. Also, the example provided above is illustrative and is being provided pursuant to Section 6045B of the Code and as a convenience to shareholders and their tax advisors.

**THE INFORMATION SET FORTH ABOVE AND IN THE ATTACHED EXHIBIT IS FOR GENERAL INFORMATION PURPOSES ONLY AND DOES NOT PURPORT TO ADDRESS ALL ASPECTS OF FEDERAL TAXATION THAT MAY BE RELEVANT TO PARTICULAR SHAREHOLDERS. THIS INFORMATION DOES NOT CONSTITUTE TAX ADVICE AND MAY NOT BE APPLICABLE TO SHAREHOLDERS WHO ARE NOT CITIZENS OR RESIDENTS OF THE UNITED STATES. NOR DOES IT ADDRESS TAX CONSEQUENCES THAT MAY VARY WITH YOUR INDIVIDUAL CIRCUMSTANCES. ACCORDINGLY, YOU ARE URGED TO CONSULT YOUR TAX ADVISORS TO DETERMINE THE FAIR MARKET VALUE OF YOUR WORTHINGTON ENTERPRISES AND WORTHINGTON STEEL COMMON SHARES AS WELL AS THE APPLICATION OF THE INFORMATION SET FORTH ABOVE AND IN THE ATTACHED EXHIBIT TO YOUR INDIVIDUAL CIRCUMSTANCES AND THE PARTICULAR FEDERAL, FOREIGN, STATE AND LOCAL TAX CONSEQUENCES OF THE DISTRIBUTION TO YOU.**



**Part II** Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ SEE ATTACHMENT

Multiple horizontal lines for listing applicable Internal Revenue Code sections and subsections.

18 Can any resulting loss be recognized? ▶ SEE ATTACHMENT

Multiple horizontal lines for providing information regarding loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ SEE ATTACHMENT

Multiple horizontal lines for providing other necessary information for the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature ▶ 

Date ▶ 12/19/23

Print your name ▶ JOHN WELLS

Title ▶ VICE PRESIDENT OF TAX

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

**Worthington Enterprises, Inc. (f/k/a Worthington Industries, Inc.)**  
**Distribution of Worthington Steel, Inc. Common Shares**  
**Attachment to Form 8937**

**Part II**

**Line 14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action.**

On December 1, 2023 (the "Distribution Date"), at 12:01 a.m. Eastern time, the previously announced separation of Worthington Steel, Inc. ("Worthington Steel") from Worthington Enterprises, Inc.<sup>1</sup> ("Worthington Enterprises") was completed. This separation was achieved through Worthington Enterprises' pro rata distribution of 100% of the outstanding common shares of Worthington Steel to holders of record of Worthington Enterprises common shares as of the close of business on November 21, 2023 (the "Record Date"). Each holder of record of Worthington Enterprises common shares received one common share of Worthington Steel for every one common share of Worthington Enterprises held at the close of business on the Record Date (the "Distribution"). No fractional common shares of Worthington Steel were distributed in the Distribution. Instead, all fractional common shares of Worthington Steel were aggregated into whole common shares and sold in the public market, with the aggregate cash proceeds of these sales distributed pro rata (based on the fractional common share such shareholders would otherwise have been entitled to receive).

**This information does not purport to be complete or to describe the consequences that may apply to particular categories of Worthington Enterprises shareholders.**

**Shareholders are urged to consult their own tax advisor regarding the particular consequences of the Distribution, including the applicability and effect of all U.S. federal, state and local, and foreign tax laws.**

**Line 15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.**

For U.S. federal income tax purposes, Worthington Enterprises shareholders should allocate their aggregate tax basis in their Worthington Enterprises common shares held immediately prior to the Distribution among the common shares of Worthington Steel received in the Distribution (including any fractional common share of Worthington Steel for which cash was received) and the Worthington Enterprises common shares in respect of which such Worthington Steel common shares were received in proportion to their fair market values immediately after the Distribution.

**Line 16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.**

The U.S. federal income tax laws provide that the allocation of the aggregate tax basis discussed under Line 15 above shall be allocated based on the fair market value of the resulting Worthington Enterprises and Worthington Steel shares received. However, the tax law does not provide any further guidance on the determination of fair market value. One method to determine the fair market value is to use the average of the high and low trading prices of the Worthington Enterprises and Worthington Steel common shares. The average of the high and low trading prices (rounded to the nearest cent) of Worthington Enterprises common shares, and of Worthington Steel common shares on December 1,

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<sup>1</sup> Formerly known as Worthington Industries, Inc.

2023 (the first day of regular-way trading of both Worthington Enterprises and Worthington Steel common shares after the Distribution) was \$46.57 and \$23.60, respectively. Using these averages as the fair market value and the distribution ratio of one (1) Worthington Steel share per each one (1) Worthington Enterprises share, a Worthington Enterprises shareholder's aggregate pre-Distribution tax basis in its Worthington Enterprises shares should be allocated 66.37% to its post-Distribution Worthington Enterprises shares and 33.63% to its Worthington Steel shares (including any Worthington Steel fractional share) received with respect to its Worthington Enterprises shares.

**Line 17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.**

The applicable Internal Revenue Code sections upon which the tax treatment is based are sections 355, 354(a), 358(a)–(c), 368(a)(1)(D), 1001(a), 1221, 1222 and 1223(1).

**Line 18. Can any resulting loss be recognized?**

Worthington Enterprises intends for the Distribution, together with certain related transactions, to qualify as a “reorganization” under sections 355 and 368(a)(1)(D) of the Internal Revenue Code. Assuming that this characterization is respected, Worthington shareholders generally will not recognize any loss on the Distribution for U.S. federal income tax purposes (except to the extent that a loss may be recognized with respect to any cash received in lieu of a fractional common share of Worthington Steel).

**Line 19. Provide any other information necessary to implement the adjustment, such as the reportable tax year.**

The Distribution occurred on December 1, 2023. As a result, for U.S. federal income tax purposes, the basis adjustments in the shares of Worthington Enterprises common shares and Worthington Steel common shares should be reported in the taxable year that includes this date. In the case of shareholders who are calendar year taxpayers, the Distribution should be reportable in the tax year ending December 31, 2023.