

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2022
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File Number: 1-8944



CLEVELAND-CLIFFS INC.

(Exact Name of Registrant as Specified in Its Charter)

Ohio <i>(State or Other Jurisdiction of Incorporation or Organization)</i>	34-1464672 <i>(I.R.S. Employer Identification No.)</i>
200 Public Square, Cleveland, Ohio <i>(Address of Principal Executive Offices)</i>	44114-2315 <i>(Zip Code)</i>

Registrant's Telephone Number, Including Area Code: (216) 694-5700

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common shares, par value \$0.125 per share	CLF	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares outstanding of the registrant's common shares, par value \$0.125 per share, was 524,737,194 as of April 25, 2022.

TABLE OF CONTENTS

	<u>Page Number</u>
DEFINITIONS	<u>1</u>
PART I - FINANCIAL INFORMATION	
Item 1. Financial Statements	
Statements of Unaudited Condensed Consolidated Financial Position as of March 31, 2022 and December 31, 2021	<u>3</u>
Statements of Unaudited Condensed Consolidated Operations for the Three Months Ended March 31, 2022 and 2021	<u>4</u>
Statements of Unaudited Condensed Consolidated Comprehensive Income for the Three Months Ended March 31, 2022 and 2021	<u>5</u>
Statements of Unaudited Condensed Consolidated Cash Flows for the Three Months Ended March 31, 2022 and 2021	<u>6</u>
Statements of Unaudited Condensed Consolidated Changes in Equity for the Three Months Ended March 31, 2022 and 2021	<u>7</u>
Notes to Unaudited Condensed Consolidated Financial Statements	<u>8</u>
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	<u>25</u>
Item 3. Quantitative and Qualitative Disclosures About Market Risk	<u>41</u>
Item 4. Controls and Procedures	<u>41</u>
PART II - OTHER INFORMATION	
Item 1. Legal Proceedings	<u>42</u>
Item 1A. Risk Factors	<u>42</u>
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	<u>43</u>
Item 4. Mine Safety Disclosures	<u>43</u>
Item 5. Other Information	<u>43</u>
Item 6. Exhibits	<u>43</u>
Signatures	<u>45</u>

DEFINITIONS

The following abbreviations or acronyms are used in the text. References in this report to the “Company,” “we,” “us,” “our” and “Cliffs” are to Cleveland-Cliffs Inc. and subsidiaries, collectively, unless stated otherwise or the context indicates otherwise.

Abbreviation or acronym	Term
4.625% 2029 Senior Notes	4.625% Senior Guaranteed Notes due 2029 issued by Cleveland-Cliffs Inc. on February 17, 2021 in an aggregate principal amount of \$500 million
4.875% 2031 Senior Notes	4.875% Senior Guaranteed Notes due 2031 issued by Cleveland-Cliffs Inc. on February 17, 2021 in an aggregate principal amount of \$500 million
ABL Facility	Asset-Based Revolving Credit Agreement, dated as of March 13, 2020, among Cleveland-Cliffs Inc., the lenders party thereto from time to time and Bank of America, N.A., as administrative agent, as amended as of March 27, 2020, and December 9, 2020, and as may be further amended from time to time
Adjusted EBITDA	EBITDA, excluding certain items such as EBITDA of noncontrolling interests, asset impairment, extinguishment of debt, severance, acquisition-related costs, amortization of inventory step-up and impacts of discontinued operations
AK Steel	AK Steel Holding Corporation (n/k/a Cleveland-Cliffs Steel Holding Corporation) and its consolidated subsidiaries, including AK Steel Corporation (n/k/a Cleveland-Cliffs Steel Corporation), its direct, wholly owned subsidiary, collectively, unless stated otherwise or the context indicates otherwise
AK Steel Merger	The merger of Merger Sub with and into AK Steel, with AK Steel surviving the merger as a wholly owned subsidiary of Cleveland-Cliffs Inc., subject to the terms and conditions set forth in the AK Steel Merger Agreement, consummated on March 13, 2020
AK Steel Merger Agreement	Agreement and Plan of Merger, dated as of December 2, 2019, among Cleveland-Cliffs Inc., AK Steel and Merger Sub
AM USA Transaction	The acquisition of ArcelorMittal USA, consummated on December 9, 2020
AM USA Transaction Agreement	Transaction Agreement, dated as of September 28, 2020, by and between Cleveland-Cliffs Inc. and ArcelorMittal
AOCI	Accumulated Other Comprehensive Income (Loss)
ArcelorMittal	ArcelorMittal S.A., a company organized under the laws of Luxembourg and the former ultimate parent company of ArcelorMittal USA
ArcelorMittal USA	Substantially all of the operations of the former ArcelorMittal USA LLC, its subsidiaries and certain affiliates, and Kote and Tek, collectively
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Board	The Board of Directors of Cleveland-Cliffs Inc.
BOF	Basic oxygen furnace
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act of 1980
COVID-19	A novel strain of coronavirus that the World Health Organization declared a global pandemic in March 2020
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
EAF	Electric arc furnace
EBITDA	Earnings before interest, taxes, depreciation and amortization
EPA	U.S. Environmental Protection Agency
EPS	Earnings per share
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
Fe	Iron
FMSH Act	Federal Mine Safety and Health Act of 1977, as amended
FPT	Ferrous Processing and Trading Company, including certain related entities
FPT Acquisition	The purchase of FPT, subject to the terms and conditions set forth in the FPT Acquisition Agreement
FPT Acquisition Agreement	Securities Purchase Agreement, dated as of October 8, 2021, by and between Cleveland-Cliffs Inc. and Anthony Soave Revocable Trust u/a/d January 14, 1987, as amended and restated
GAAP	Accounting principles generally accepted in the United States
GHG	Greenhouse gas
GOES	Grain oriented electrical steel
HBI	Hot briquetted iron
HRC	Hot-rolled coil steel
IRB	Industrial Revenue Bond
JSW Steel	JSW Steel (USA) Inc. and JSW Steel USA Ohio, Inc., collectively
Kote and Tek	I/N Kote L.P. (n/k/a Cleveland-Cliffs Kote L.P.) and I/N Tek L.P. (n/k/a Cleveland-Cliffs Tek L.P.), former joint ventures between subsidiaries of the former ArcelorMittal USA LLC and Nippon Steel Corporation
Long ton	2,240 pounds
Merger Sub	Pepper Merger Sub Inc., a direct, wholly owned subsidiary of Cliffs prior to the AK Steel Merger
Metric ton	2,205 pounds
MSHA	U.S. Mine Safety and Health Administration
Net ton	2,000 pounds

Abbreviation or acronym	Term
NOES	Non-oriented electrical steel
NPDES	National Pollutant Discharge Elimination System, authorized by the Clean Water Act
OPEB	Other postretirement benefits
Platts 62% price	Platts IODEX 62% Fe Fines CFR North China
RCRA	Resource Conservation and Recovery Act
RI/FS	Remedial Investigation/Feasibility Study
SEC	U.S. Securities and Exchange Commission
Section 232	Section 232 of the Trade Expansion Act of 1962, as amended
Securities Act	Securities Act of 1933, as amended
SunCoke Middletown	Middletown Coke Company, LLC, a subsidiary of SunCoke Energy, Inc.
Topic 805	ASC Topic 805, Business Combinations
Topic 815	ASC Topic 815, Derivatives and Hedging
U.S.	United States of America
U.S. Steel	United States Steel Corporation and its subsidiaries, collectively, unless stated otherwise or the context indicates otherwise
USMCA	United States-Mexico-Canada Agreement
VIE	Variable interest entity

PART I
Item 1. Financial Statements
Statements of Unaudited Condensed Consolidated Financial Position

Cleveland-Cliffs Inc. and Subsidiaries

	(In Millions)	
	March 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 35	\$ 48
Accounts receivable, net	2,667	2,154
Inventories	5,562	5,188
Other current assets	295	263
Total current assets	<u>8,559</u>	<u>7,653</u>
Non-current assets:		
Property, plant and equipment, net	9,012	9,186
Goodwill	1,127	1,116
Other non-current assets	1,070	1,020
TOTAL ASSETS	<u>\$ 19,768</u>	<u>\$ 18,975</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 2,271	\$ 2,073
Accrued employment costs	541	585
Other current liabilities	939	903
Total current liabilities	<u>3,751</u>	<u>3,561</u>
Non-current liabilities:		
Long-term debt	5,028	5,238
Pension liability, non-current	552	578
OPEB liability, non-current	2,346	2,383
Other non-current liabilities	1,483	1,441
TOTAL LIABILITIES	<u>13,160</u>	<u>13,201</u>
Commitments and contingencies (See Note 18)		
Equity:		
Common shares - par value \$0.125 per share		
Authorized - 1,200,000,000 shares (2021 - 1,200,000,000 shares);		
Issued - 531,051,530 shares (2021 - 506,832,537 shares);		
Outstanding - 524,714,208 shares (2021 - 500,158,955 shares)	66	63
Capital in excess of par value of shares	4,848	4,892
Retained earnings (deficit)	800	(1)
Cost of 6,337,322 common shares in treasury (2021 - 6,673,582 shares)	(90)	(82)
Accumulated other comprehensive income	715	618
Total Cliffs shareholders' equity	<u>6,339</u>	<u>5,490</u>
Noncontrolling interest	269	284
TOTAL EQUITY	<u>6,608</u>	<u>5,774</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 19,768</u>	<u>\$ 18,975</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Statements of Unaudited Condensed Consolidated Operations

Cleveland-Cliffs Inc. and Subsidiaries

	(In Millions, Except Per Share Amounts)	
	Three Months Ended	
	March 31,	
	2022	2021
Revenues	\$ 5,955	\$ 4,049
Operating costs:		
Cost of goods sold	(4,706)	(3,761)
Selling, general and administrative expenses	(122)	(108)
Miscellaneous – net	(33)	(3)
Total operating costs	<u>(4,861)</u>	<u>(3,872)</u>
Operating income	1,094	177
Other income (expense):		
Interest expense, net	(77)	(92)
Loss on extinguishment of debt	(14)	(66)
Net periodic benefit credits other than service cost component	49	47
Other non-operating expense	(2)	—
Total other expense	<u>(44)</u>	<u>(111)</u>
Income from continuing operations before income taxes	1,050	66
Income tax expense	(237)	(9)
Income from continuing operations	813	57
Income from discontinued operations, net of tax	1	—
Net income	814	57
Income attributable to noncontrolling interest	(13)	(16)
Net income attributable to Cliffs shareholders	\$ 801	\$ 41
Earnings per common share attributable to Cliffs shareholders - basic		
Continuing operations	\$ 1.54	\$ 0.08
Discontinued operations	—	—
	<u>\$ 1.54</u>	<u>\$ 0.08</u>
Earnings per common share attributable to Cliffs shareholders - diluted		
Continuing operations	\$ 1.50	\$ 0.07
Discontinued operations	—	—
	<u>\$ 1.50</u>	<u>\$ 0.07</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Statements of Unaudited Condensed Consolidated Comprehensive Income

Cleveland-Cliffs Inc. and Subsidiaries

	(In Millions)	
	Three Months Ended March 31,	
	2022	2021
Net income	\$ 814	\$ 57
Other comprehensive income (loss):		
Changes in pension and OPEB, net of tax	1	7
Changes in foreign currency translation	—	(1)
Changes in derivative financial instruments, net of tax	96	7
Total other comprehensive income	97	13
Comprehensive income	911	70
Comprehensive income attributable to noncontrolling interests	(13)	(16)
Comprehensive income attributable to Cliffs shareholders	\$ 898	\$ 54

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Statements of Unaudited Condensed Consolidated Cash Flows

Cleveland-Cliffs Inc. and Subsidiaries

	(In Millions)	
	Three Months Ended March 31,	
	2022	2021
OPERATING ACTIVITIES		
Net income	\$ 814	\$ 57
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation, depletion and amortization	301	217
Impairment of long-lived assets	29	—
Pension and OPEB credits	(27)	(21)
Loss on extinguishment of debt	14	66
Amortization of inventory step-up	—	81
Other	82	26
Changes in operating assets and liabilities, net of business combination:		
Receivables and other assets	(441)	(480)
Inventories	(372)	(172)
Pension and OPEB payments and contributions	(60)	(175)
Payables, accrued expenses and other liabilities	193	22
Net cash provided (used) by operating activities	<u>533</u>	<u>(379)</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(236)	(136)
Other investing activities	1	1
Net cash used by investing activities	<u>(235)</u>	<u>(135)</u>
FINANCING ACTIVITIES		
Proceeds from issuance of common shares	—	322
Repurchase of common shares	(19)	—
Proceeds from issuance of debt	—	1,000
Repayments of debt	(360)	(902)
Borrowings under credit facilities	1,715	1,158
Repayments under credit facilities	(1,609)	(1,010)
Other financing activities	(38)	(56)
Net cash provided (used) by financing activities	<u>(311)</u>	<u>512</u>
Net decrease in cash and cash equivalents	(13)	(2)
Cash and cash equivalents at beginning of period	48	112
Cash and cash equivalents at end of period	<u>\$ 35</u>	<u>\$ 110</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Statements of Unaudited Condensed Consolidated Changes in Equity

Cleveland-Cliffs Inc. and Subsidiaries

	(In Millions)							
	Number of Common Shares Outstanding	Par Value of Common Shares Issued	Capital in Excess of Par Value of Shares	Retained Earnings (Deficit)	Common Shares in Treasury	AOCI	Non-controlling Interests	Total
December 31, 2021	500	\$ 63	\$ 4,892	\$ (1)	\$ (82)	\$ 618	\$ 284	\$ 5,774
Comprehensive income	—	—	—	801	—	97	13	911
Redemption of convertible debt	24	3	(28)	—	—	—	—	(25)
Stock and other incentive plans	2	—	(16)	—	11	—	—	(5)
Common stock repurchases	(1)	—	—	—	(19)	—	—	(19)
Net distributions to noncontrolling interests	—	—	—	—	—	—	(28)	(28)
March 31, 2022	525	\$ 66	\$ 4,848	\$ 800	\$ (90)	\$ 715	\$ 269	\$ 6,608

	(In Millions)							
	Number of Common Shares Outstanding	Par Value of Common Shares Issued	Capital in Excess of Par Value of Shares	Retained Earnings (Deficit)	Common Shares in Treasury	AOCI (Loss)	Non-controlling Interests	Total
December 31, 2020	478	\$ 63	\$ 5,431	\$ (2,989)	\$ (354)	\$ (133)	\$ 323	\$ 2,341
Comprehensive income	—	—	—	41	—	13	16	70
Issuance of common stock	20	—	78	—	244	—	—	322
Stock and other incentive plans	1	—	(22)	—	17	—	—	(5)
Acquisition of ArcelorMittal USA - Measurement period adjustments	—	—	—	—	—	—	(1)	(1)
Net distributions to noncontrolling interests	—	—	—	—	—	—	(8)	(8)
March 31, 2021	499	\$ 63	\$ 5,487	\$ (2,948)	\$ (93)	\$ (120)	\$ 330	\$ 2,719

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Notes to Unaudited Condensed Consolidated Financial Statements

Cleveland-Cliffs Inc. and Subsidiaries

NOTE 1 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Business, Consolidation and Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with SEC rules and regulations and, in the opinion of management, include all adjustments (consisting of normal recurring adjustments) necessary to present fairly the financial position, results of operations, comprehensive income, cash flows and changes in equity for the periods presented. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management bases its estimates on various assumptions and historical experience, which are believed to be reasonable; however, due to the inherent nature of estimates, actual results may differ significantly due to changed conditions or assumptions. The results of operations for the three months ended March 31, 2022 are not necessarily indicative of results to be expected for the year ending December 31, 2022 or any other future period. These unaudited condensed consolidated financial statements should be read in conjunction with the financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2021.

Business Operations

We are vertically integrated from mined raw materials, direct reduced iron and ferrous scrap to primary steelmaking and downstream finishing, stamping, tooling and tubing. We are organized into four operating segments based on differentiated products, Steelmaking, Tubular, Tooling and Stamping, and European Operations. We primarily operate through one reportable segment – the Steelmaking segment.

Basis of Consolidation

The unaudited condensed consolidated financial statements consolidate our accounts and the accounts of our wholly owned subsidiaries, all subsidiaries in which we have a controlling interest and VIEs for which we are the primary beneficiary. All intercompany transactions and balances are eliminated upon consolidation.

Investments in Affiliates

We have investments in several businesses accounted for using the equity method of accounting. As of March 31, 2022 and December 31, 2021, our investment in affiliates of \$129 million and \$128 million, respectively, was classified in *Other non-current assets*.

Significant Accounting Policies

A detailed description of our significant accounting policies can be found in the audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2021 filed with the SEC. There have been no material changes in our significant accounting policies and estimates from those disclosed therein.

Recent Accounting Pronouncements

Issued and Adopted

In August 2020, the FASB issued *ASU 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)*. This update requires certain convertible instruments to be accounted for as a single liability measured at its amortized cost. Additionally, the update requires the use of the "if-converted" method, removing the treasury stock method, when calculating diluted shares. We utilized the modified retrospective method of adoption; using this approach, the guidance was applied to transactions outstanding as of the beginning of the fiscal year in which the amendment was adopted. On January 18, 2022, we redeemed all of our outstanding 1.500% 2025 Convertible Senior Notes; therefore, there was a de minimis impact as a result of our adoption of this update.

NOTE 2 - SUPPLEMENTARY FINANCIAL STATEMENT INFORMATION

Allowance for Credit Losses

The following is a roll-forward of our allowance for credit losses associated with *Accounts receivable, net*:

	(In Millions)	
	2022	2021
Allowance for credit losses as of January 1	\$ (4)	\$ (5)
Increase in allowance	—	(1)
Allowance for credit losses as of March 31	<u>\$ (4)</u>	<u>\$ (6)</u>

Inventories

The following table presents the detail of our *Inventories* in the Statements of Unaudited Condensed Consolidated Financial Position:

	(In Millions)	
	March 31, 2022	December 31, 2021
Product inventories		
Finished and semi-finished goods	\$ 2,943	\$ 2,814
Raw materials	2,312	2,070
Total product inventories	5,255	4,884
Manufacturing supplies and critical spares	307	304
Inventories	<u>\$ 5,562</u>	<u>\$ 5,188</u>

Cash Flow Information

A reconciliation of capital additions to cash paid for capital expenditures is as follows:

	(In Millions)	
	Three Months Ended March 31,	
	2022	2021
Capital additions	\$ 181	\$ 162
Less:		
Non-cash accruals	(55)	23
Right-of-use assets - finance leases	—	3
Cash paid for capital expenditures including deposits	<u>\$ 236</u>	<u>\$ 136</u>

Cash payments (receipts) for income taxes and interest are as follows:

	(In Millions)	
	Three Months Ended March 31,	
	2022	2021
Taxes paid on income	\$ 1	\$ 3
Income tax refunds	(1)	(14)
Interest paid on debt obligations net of capitalized interest ¹	65	75

¹ Capitalized interest was \$2 million and \$1 million for the three months ended March 31, 2022 and 2021, respectively.

NOTE 3 - ACQUISITIONS**FPT Acquisition****Overview**

On November 18, 2021, pursuant to the FPT Acquisition Agreement, we completed the FPT Acquisition, in which we were the acquirer. The FPT Acquisition gives us a competitive advantage in sourcing prime scrap, a key raw material for our steelmaking facilities. We incurred acquisition-related costs, excluding severance costs, of \$1 million for the three months ended March 31, 2022, which was recorded in *Selling, general and administrative expenses* on the Statements of Unaudited Condensed Consolidated Operations.

The fair value of the total purchase consideration was determined as follows:

	(In Millions)
Cash consideration:	
Cash consideration pursuant to the FPT Acquisition Agreement	\$ 778
Estimated cash consideration payable related to Internal Revenue Code Section 338(h)(10)	35
Total cash consideration	813
Fair value of settlement of a pre-existing relationship	(20)
Total purchase consideration	<u>\$ 793</u>

The Company's estimation of cash consideration payable related to Internal Revenue Code Section 338(h)(10) with respect to entities acquired in connection with the FPT Acquisition could potentially change as elections are expected to be finalized in the third quarter of 2022.

Valuation Assumption and Purchase Price Allocation

We estimated fair values at November 18, 2021 for the preliminary allocation of consideration to the net tangible and intangible assets acquired and liabilities assumed in connection with the FPT Acquisition. During the measurement period, we will continue to obtain information to assist in finalizing the fair value of assets acquired and liabilities assumed, which may differ materially from these preliminary estimates. If we determine any measurement period adjustments are material, we will apply those adjustments, including any related impacts to net income, in the reporting period in which the adjustments are determined. We are in the process of conducting a valuation of the assets acquired and liabilities assumed related to the FPT Acquisition, most notably, personal and real property, deferred taxes, environmental obligations and intangible assets, and the final allocation will be made when completed, including the result of any identified goodwill. Accordingly, the provisional measurements noted below are preliminary and subject to modification in the future.

The preliminary purchase price allocation to assets acquired and liabilities assumed in the FPT Acquisition was:

	(In Millions)		
	Initial Allocation of Consideration	Measurement Period Adjustments	Updated Allocation
Cash and cash equivalents	\$ 9	\$ —	9
Accounts receivable, net	233	2	235
Inventories	137	2	139
Other current assets	4	(1)	3
Property, plant and equipment	179	26	205
Other non-current assets	74	(1)	73
Accounts payable	(122)	—	(122)
Accrued employment costs	(8)	—	(8)
Other current liabilities	(9)	—	(9)
Other non-current liabilities	(21)	(1)	(22)
Net identifiable assets acquired	476	27	503
Goodwill	279	11	290
Total net assets acquired	\$ 755	\$ 38	\$ 793

The goodwill resulting from the FPT Acquisition primarily represents the incremental benefit of providing substantial access to prime scrap for our vertically integrated steelmaking business, as well as any synergistic benefits to be realized from the FPT Acquisition within our Steelmaking segment.

The preliminary purchase price allocated to identifiable intangible assets acquired was:

	(In Millions)		Weighted Average Life (In Years)
	\$	\$	\$
Customer relationships	13	15	15
Supplier relationships	21	18	18
Trade names and trademarks	7	15	15
Total identifiable intangible assets	\$ 41	\$ 17	\$ 17

Intangible assets are classified as *Other non-current assets* on the Statements of Unaudited Condensed Consolidated Financial Position.

NOTE 4 - REVENUES

We generate our revenue through product sales, in which shipping terms indicate when we have fulfilled our performance obligations and transferred control of products to our customer. Our revenue transactions consist of a single performance obligation to transfer promised goods. Our contracts with customers define the mechanism for determining the sales price, which is generally fixed upon transfer of control, but the contracts generally do not impose a specific quantity on either party. Quantities to be delivered to the customer are determined at a point near the date of delivery through purchase orders or other written instructions we receive from the customer. Spot market sales are made through purchase orders or other written instructions. We consider our performance obligation to be complete and recognize revenue when control transfers in accordance with shipping terms.

Revenue is measured as the amount of consideration we expect to receive in exchange for transferring product. We reduce the amount of revenue recognized for estimated returns and other customer credits, such as discounts and volume rebates, based on the expected value to be realized. Payment terms are consistent with terms standard to the markets we serve. Sales taxes collected from customers are excluded from revenues.

The following table represents our *Revenues* by market:

	(In Millions)	
	Three Months Ended March 31,	
	2022	2021
Steelmaking:		
Automotive	\$ 1,607	\$ 1,287
Infrastructure and manufacturing	1,542	954
Distributors and converters	1,829	1,248
Steel producers	816	430
Total Steelmaking	5,794	3,919
Other Businesses:		
Automotive	122	105
Infrastructure and manufacturing	15	10
Distributors and converters	24	15
Total Other Businesses	161	130
Total revenues	\$ 5,955	\$ 4,049

The following tables represent our *Revenues* by product line:

	(Dollars in Millions, Sales Volumes in Thousands of Net Tons)			
	Three Months Ended March 31,			
	2022		2021	
	Revenue	Volume	Revenue	Volume
Steelmaking:				
Hot-rolled steel	\$ 1,194	903	\$ 895	1,182
Cold-rolled steel	984	651	632	748
Coated steel	1,775	1,242	1,308	1,369
Stainless and electrical steel	551	189	363	167
Plate	421	221	244	275
Other steel products	334	431	289	403
Other	535	N/A	188	N/A
Total Steelmaking	5,794		3,919	
Other Businesses:				
Other	161	N/A	130	N/A
Total revenues	\$ 5,955		\$ 4,049	

NOTE 5 - SEGMENT REPORTING

We are vertically integrated from mined raw materials and direct reduced iron and ferrous scrap to primary steelmaking and downstream finishing, stamping, tooling and tubing. We are organized into four operating segments based on our differentiated products – Steelmaking, Tubular, Tooling and Stamping, and European Operations. We have one reportable segment – Steelmaking. The operating segment results of our Tubular, Tooling and Stamping, and European Operations that do not constitute reportable segments are combined and disclosed in the Other Businesses category. Our Steelmaking segment operates as the largest flat-rolled steel producer supported by being the largest iron ore pellet producer as well as a leading prime scrap processor in North America, primarily serving the automotive, distributors and converters and infrastructure and manufacturing markets. Our Other Businesses primarily include the operating segments that provide customer solutions with carbon and stainless steel tubing products, advanced-engineered solutions, tool design and build, hot- and cold-stamped steel components, and complex assemblies. All intersegment transactions were eliminated in consolidation.

We evaluate performance on an operating segment basis, as well as a consolidated basis, based on Adjusted EBITDA, which is a non-GAAP measure. This measure is used by management, investors, lenders and other

external users of our financial statements to assess our operating performance and to compare operating performance to other companies in the steel industry. In addition, management believes Adjusted EBITDA is a useful measure to assess the earnings power of the business without the impact of capital structure and can be used to assess our ability to service debt and fund future capital expenditures in the business.

Our results by segment are as follows:

	(In Millions)	
	Three Months Ended March 31,	
	2022	2021
Revenues:		
Steelmaking	\$ 5,794	\$ 3,919
Other Businesses	161	130
Total revenues	<u>\$ 5,955</u>	<u>\$ 4,049</u>
Adjusted EBITDA:		
Steelmaking	\$ 1,423	\$ 502
Other Businesses	29	11
Eliminations ¹	(1)	—
Total Adjusted EBITDA	<u>\$ 1,451</u>	<u>\$ 513</u>

¹ In 2022, we began allocating Corporate SG&A to our operating segments. Prior periods have been adjusted to reflect this change. The Eliminations line now only includes sales between segments.

The following table provides a reconciliation of our consolidated *Net income* to total Adjusted EBITDA:

	(In Millions)	
	Three Months Ended March 31,	
	2022	2021
Net income	\$ 814	\$ 57
Less:		
Interest expense, net	(77)	(92)
Income tax expense	(237)	(9)
Depreciation, depletion and amortization	(301)	(217)
	<u>1,429</u>	<u>375</u>
Less:		
EBITDA of noncontrolling interests ¹	22	22
Asset impairment	(29)	—
Loss on extinguishment of debt	(14)	(66)
Severance costs	(1)	(11)
Acquisition-related costs excluding severance costs	(1)	(2)
Amortization of inventory step-up	—	(81)
Impact of discontinued operations	1	—
Total Adjusted EBITDA	<u>\$ 1,451</u>	<u>\$ 513</u>

¹ EBITDA of noncontrolling interests includes the following:

Net income attributable to noncontrolling interests	\$ 13	\$ 16
Depreciation, depletion and amortization	9	6
EBITDA of noncontrolling interests	<u>\$ 22</u>	<u>\$ 22</u>

The following summarizes our assets by segment:

	(In Millions)	
	March 31, 2022	December 31, 2021
Assets:		
Steelmaking	\$ 19,042	\$ 18,326
Other Businesses	335	306
Total segment assets	19,377	18,632
Corporate/Eliminations	391	343
Total assets	<u>\$ 19,768</u>	<u>\$ 18,975</u>

The following table summarizes our capital additions by segment:

	(In Millions)	
	Three Months Ended March 31,	
	2022	2021
Capital additions¹:		
Steelmaking	\$ 175	\$ 133
Other Businesses	6	11
Corporate	—	18
Total capital additions	<u>\$ 181</u>	<u>\$ 162</u>

¹ Refer to NOTE 2 - SUPPLEMENTARY FINANCIAL STATEMENT INFORMATION for additional information.

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

The following table indicates the carrying value of each of the major classes of our depreciable assets:

	(In Millions)	
	March 31, 2022	December 31, 2021
Land, land improvements and mineral rights	\$ 1,397	\$ 1,291
Buildings	907	889
Equipment	8,691	8,709
Other	233	229
Construction in progress	414	408
Total property, plant and equipment ¹	11,642	11,526
Allowance for depreciation and depletion	(2,630)	(2,340)
Property, plant and equipment, net	<u>\$ 9,012</u>	<u>\$ 9,186</u>

¹ Includes right-of-use assets related to finance leases of \$371 million and \$411 million as of March 31, 2022 and December 31, 2021, respectively.

We recorded depreciation and depletion expense of \$ 298 million and \$215 million for the three months ended March 31, 2022 and 2021, respectively. Depreciation and depletion expense for the three months ended March 31, 2022 includes \$68 million of accelerated depreciation related to the indefinite idle of the Indiana Harbor #4 blast furnace.

NOTE 7 - GOODWILL AND INTANGIBLE ASSETS AND LIABILITIES
Goodwill

The following is a summary of *Goodwill* by segment:

	(In Millions)	
	March 31, 2022	December 31, 2021
Steelmaking	\$ 953	\$ 942
Other Businesses	174	174
Total goodwill	<u>\$ 1,127</u>	<u>\$ 1,116</u>

The increase of \$11 million in the balance of *Goodwill* in our Steelmaking segment as of March 31, 2022, compared to December 31, 2021, is due to the change in estimated identified goodwill as a result of measurement period adjustments to the preliminary purchase price allocation for the acquisition of FPT. Refer to NOTE 3 - ACQUISITIONS for further details.

Intangible Assets and Liabilities

The following is a summary of our intangible assets and liabilities:

	(In Millions)					
	March 31, 2022			December 31, 2021		
	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Intangible assets ¹ :						
Customer relationships	\$ 90	\$ (9)	\$ 81	\$ 95	\$ (8)	\$ 87
Developed technology	60	(8)	52	60	(6)	54
Trade names and trademarks	18	(3)	15	18	(2)	16
Mining permits	72	(26)	46	72	(26)	46
Supplier relationships	21	—	21	18	—	18
Total intangible assets	<u>\$ 261</u>	<u>\$ (46)</u>	<u>\$ 215</u>	<u>\$ 263</u>	<u>\$ (42)</u>	<u>\$ 221</u>
Intangible liabilities ² :						
Above-market supply contracts	<u>\$ (71)</u>	<u>\$ 15</u>	<u>\$ (56)</u>	<u>\$ (71)</u>	<u>\$ 14</u>	<u>\$ (57)</u>

¹ Intangible assets are classified as *Other non-current assets*. Amortization related to mining permits is recognized in *Cost of goods sold*. Amortization of all other intangible assets is recognized in *Selling, general and administrative expenses*.

² Intangible liabilities are classified as *Other non-current liabilities*. Amortization of all intangible liabilities is recognized in *Cost of goods sold*.

Amortization expense related to intangible assets was \$ 4 million and \$ 3 million for the three months ended March 31, 2022 and 2021, respectively. Estimated future amortization expense is \$9 million for the remainder of 2022 and \$ 13 million annually for the years 2023 through 2027.

Income from amortization related to the intangible liabilities for both the three months ended March 31, 2022 and 2021 was \$ 1 million. Estimated future income from amortization is \$4 million for the remainder of 2022 and \$ 5 million annually for the years 2023 through 2027.

NOTE 8 - DEBT AND CREDIT FACILITIES

The following represents a summary of our long-term debt:

(In Millions)				
Debt Instrument	Issuer ¹	Annual Effective Interest Rate	March 31, 2022	December 31, 2021
Senior Secured Notes:				
9.875% 2025 Senior Secured Notes	Cliffs	10.57%	\$ 607	\$ 607
6.750% 2026 Senior Secured Notes	Cliffs	6.99%	845	845
Senior Unsecured Notes:				
1.500% 2025 Convertible Senior Notes	Cliffs	6.26%	—	294
7.000% 2027 Senior Notes	Cliffs	9.24%	73	73
7.000% 2027 AK Senior Notes	AK Steel	9.24%	56	56
5.875% 2027 Senior Notes	Cliffs	6.49%	556	556
4.625% 2029 Senior Notes	Cliffs	4.63%	500	500
4.875% 2031 Senior Notes	Cliffs	4.88%	500	500
6.250% 2040 Senior Notes	Cliffs	6.34%	263	263
IRBs due 2024 to 2028	AK Steel	Various	—	66
ABL Facility	Cliffs ²	Variable ³	1,715	1,609
Total principal amount			5,115	5,369
Unamortized discounts and issuance costs			(87)	(131)
Total long-term debt			<u>\$ 5,028</u>	<u>\$ 5,238</u>

¹ Unless otherwise noted, references in this column and throughout this NOTE 8 - DEBT AND CREDIT FACILITIES to "Cliffs" are to Cleveland-Cliffs Inc., and references to "AK Steel" are to AK Steel Corporation (n/k/a Cleveland-Cliffs Steel Corporation).

² Refers to Cleveland-Cliffs Inc. as borrower under our ABL Facility.

³ Our ABL Facility annual effective interest rate was 2.00% and 1.87%, respectively, as of March 31, 2022 and December 31, 2021.

Debt Extinguishments - 2022

On January 18, 2022, we redeemed all of our outstanding 1.500% 2025 Convertible Senior Notes through a combination settlement, with the aggregate principal amount of \$294 million paid in cash, and 24 million common shares, with a fair value of \$499 million, delivered to noteholders in settlement of the premium due per the terms of the indenture, plus cash in respect of the accrued and unpaid interest on the 1.500% 2025 Convertible Senior Notes to, but not including, the redemption date per the terms of the indenture.

Additionally, on March 25, 2022, we redeemed all \$66 million aggregate principal amount outstanding of the IRBs due 2024 to 2028.

The following is a summary of the debt extinguished and the respective impact on extinguishment:

Debt Instrument	(In Millions)	
	Three Months Ended March 31, 2022	
	Debt Extinguished	Gain (Loss) on Extinguishment
1.500% 2025 Convertible Senior Notes	\$ 294	\$ (16)
IRBs due 2024 to 2028	66	2
Total	<u>\$ 360</u>	<u>\$ (14)</u>

Subsequent to the quarter ended March 31, 2022, we redeemed all of our outstanding 9.875% 2025 Senior Secured Notes with available liquidity on April 20, 2022. Refer to NOTE 19 - SUBSEQUENT EVENTS for further information.

ABL Facility

As of March 31, 2022, we were in compliance with the ABL Facility liquidity requirements and, therefore, the springing financial covenant requiring a minimum fixed charge coverage ratio of 1.0 to 1.0 was not applicable.

The following represents a summary of our borrowing capacity under the ABL Facility:

	(In Millions)	
	March 31, 2022	
Available borrowing base on ABL Facility ¹	\$	4,500
Borrowings		(1,715)
Letter of credit obligations ²		(171)
Borrowing capacity available	\$	2,614

¹As of March 31, 2022, the ABL Facility has a maximum available borrowing base of \$4.5 billion. The borrowing base is determined by applying customary advance rates to eligible accounts receivable, inventory and certain mobile equipment.

²We issued standby letters of credit with certain financial institutions in order to support business obligations including, but not limited to, workers' compensation, employee severance, insurance, operating agreements and environmental obligations.

Debt Maturities

The following represents a summary of our maturities of debt instruments based on the principal amounts outstanding at March 31, 2022:

	(In Millions)	
	Maturities of Debt	
2022 (remaining period of year)	\$	—
2023		—
2024		—
2025		2,322
2026		845
Thereafter		1,948
Total maturities of debt	\$	5,115

NOTE 9 - FAIR VALUE MEASUREMENTS

The carrying values of certain financial instruments (e.g., *Accounts receivable, net*, *Accounts payable* and *Other current liabilities*) approximate fair value and, therefore, have been excluded from the table below. See NOTE 13 - DERIVATIVE INSTRUMENTS for information on our derivative instruments, which are accounted for at fair value on a recurring basis.

A summary of the carrying value and fair value of other financial instruments were as follows:

	Classification	(In Millions)			
		March 31, 2022		December 31, 2021	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Senior notes	Level 1	\$ 3,313	\$ 3,525	\$ 3,561	\$ 3,911
IRBs due 2024 to 2028	Level 1	—	—	68	66
ABL Facility - outstanding balance	Level 2	1,715	1,715	1,609	1,609
Total		\$ 5,028	\$ 5,240	\$ 5,238	\$ 5,586

The fair value of long-term debt was determined using quoted market prices.

NOTE 10 - PENSIONS AND OTHER POSTRETIREMENT BENEFITS

We offer defined benefit pension plans, defined contribution pension plans and OPEB plans to a significant portion of our employees and retirees. Benefits are also provided through multiemployer plans for certain union members.

The following are the components of defined benefit pension and OPEB costs (credits):

Defined Benefit Pension Costs (Credits)

	(In Millions)			
	Three Months Ended March 31,			
	2022		2021	
Service cost	\$	12	\$	14
Interest cost		32		26
Expected return on plan assets		(92)		(90)
Amortization:				
Net actuarial loss		4		8
Net periodic benefit credits	\$	(44)	\$	(42)

OPEB Costs (Credits)

	(In Millions)			
	Three Months Ended March 31,			
	2022		2021	
Service cost	\$	11	\$	13
Interest cost		20		18
Expected return on plan assets		(10)		(10)
Amortization:				
Net actuarial loss (income)		(3)		1
Net periodic benefit costs	\$	18	\$	22

Based on funding requirements, we made no defined benefit pension contributions for the three months ended March 31, 2022. Based on funding requirements, we made \$146 million of defined benefit pension contributions for the three months ended March 31, 2021. As a result of the CARES Act enacted on March 27, 2020, we deferred \$118 million of 2020 pension contributions, which were paid on January 4, 2021. We made contributions of \$28 million to our voluntary employee benefit association trust plans for the three months ended March 31, 2022. Based on funding requirements, no contributions to our voluntary employee benefit association trust plans were required or made for the three months ended March 31, 2021.

NOTE 11 - INCOME TAXES

Our 2022 estimated annual effective tax rate before discrete items as of March 31, 2022 is 22%. The estimated annual effective tax rate exceeds the U.S. statutory rate of 21%, as state income tax expense exceeds the percentage depletion in excess of cost depletion. The 2021 estimated annual effective tax rate before discrete items as of March 31, 2021 was 19%. The increase in the estimated annual effective tax rate before discrete items is driven by the change in income and a decrease to the percentage depletion in excess of cost depletion.

NOTE 12 - ASSET RETIREMENT OBLIGATIONS

The following is a summary of our asset retirement obligations:

	(In Millions)	
	March 31, 2022	December 31, 2021
Asset retirement obligations ¹	\$ 460	\$ 449
Less: current portion	33	35
Long-term asset retirement obligations	<u>\$ 427</u>	<u>\$ 414</u>

¹ Includes \$297 million and \$293 million related to our active operations as of March 31, 2022 and December 31, 2021, respectively.

The accrued closure obligation provides for contractual and legal obligations related to our indefinitely idled and closed operations and for the eventual closure of our active operations. The closure date for each of our active mine sites was determined based on the exhaustion date of the remaining mineral reserves, and the amortization of the related asset and accretion of the liability is recognized over the estimated mine lives. The closure date and expected timing of the capital requirements to meet our obligations for our indefinitely idled or closed mines is determined based on the unique circumstances of each property. For indefinitely idled or closed mines, the accretion of the liability is recognized over the anticipated timing of remediation. As the majority of our asset retirement obligations at our steelmaking operations have indeterminate settlement dates, asset retirement obligations have been recorded at present values using estimated ranges of the economic lives of the underlying assets.

The following is a roll forward of our asset retirement obligation liability:

	(In Millions)	
	2022	2021
Asset retirement obligation as of January 1	\$ 449	\$ 342
Decrease from acquisitions	—	(34)
Accretion expense	7	3
Revision in estimated cash flows	7	—
Remediation payments	(3)	(1)
Asset retirement obligation as of March 31	<u>\$ 460</u>	<u>\$ 310</u>

NOTE 13 - DERIVATIVE INSTRUMENTS

We are exposed to fluctuations in market prices of raw materials and energy sources. We may use cash-settled commodity swaps and options to hedge the market risk associated with the purchase of certain of our raw materials and energy requirements. Our hedging strategy is to reduce the effect on earnings from the price volatility of these various commodity exposures, including timing differences between when we incur raw material commodity costs and when we receive sales surcharges from our customers based on those raw materials. Independent of any hedging activities, price changes in any of these commodity markets could negatively affect operating costs.

Our commodity contracts are designated as cash flow hedges for accounting purposes, and we record the gains and losses for the derivatives in *Accumulated other comprehensive income* until we reclassify them into *Cost of goods sold* when we recognize the associated underlying operating costs. Refer to NOTE 15 - ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) for further information.

The following table presents the notional amount of our outstanding hedge contracts:

Commodity Contracts	Unit of Measure	Maturity Dates	(In Millions)	
			March 31, 2022	December 31, 2021
			Notional Amount	Notional Amount
Natural gas	MMBtu	April 2022 - November 2024	105	93
Zinc	Pounds	April 2022 - December 2022	27	35

The following table presents the fair value of our cash flow hedges and the classification in the Statements of Unaudited Condensed Consolidated Financial Position:

Balance Sheet Location	(In Millions)	
	March 31, 2022	December 31, 2021
<i>Other current assets</i>	\$ 140	\$ 40
<i>Other non-current assets</i>	26	—
<i>Other current liabilities</i>	—	(10)
<i>Other non-current liabilities</i>	—	(4)

NOTE 14 - CAPITAL STOCK

Share Repurchase Program

On February 10, 2022, our Board of Directors authorized a program to repurchase outstanding common shares in the open market or in privately negotiated transactions, which may include purchases pursuant to Rule 10b5-1 plans or accelerated share repurchases, up to a maximum of \$1 billion. We are not obligated to make any purchases and the program may be suspended or discontinued at any time. The share repurchase program does not have a specific expiration date. During the three months ended March 31, 2022, we repurchased 1 million common shares at a cost of \$ 19 million in the aggregate.

Underwritten Public Offering

On February 11, 2021, we sold 20 million of our common shares and 40 million common shares were sold by an affiliate of ArcelorMittal in an underwritten public offering. In each case, shares were sold at a price per share of \$16.12. Prior to this sale, ArcelorMittal held approximately 78 million of our common shares, which were issued as a part of the consideration in connection with the AM USA Transaction. We did not receive any proceeds from the sale of the 40 million common shares sold on behalf of ArcelorMittal. We used the net proceeds from the offering, plus cash on hand, to redeem \$322 million aggregate principal amount of our outstanding 9.875% 2025 Senior Secured Notes.

Preferred Stock

We have 3,000,000 shares of Serial Preferred Stock, Class A, without par value, authorized and 4,000,000 shares of Serial Preferred Stock, Class B, without par value, authorized; no preferred shares are issued or outstanding .

NOTE 15 - ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following tables reflect the changes in *Accumulated other comprehensive income* related to Cliffs shareholders' equity:

	(In Millions)	
	Three Months Ended March 31,	
	2022	2021
Foreign Currency Translation		
Beginning balance	\$ 1	\$ 3
Other comprehensive loss before reclassifications	—	(1)
Ending balance	<u>\$ 1</u>	<u>\$ 2</u>
Derivative Instruments		
Beginning balance	\$ 68	\$ (1)
Other comprehensive income before reclassifications	168	10
Income tax	(39)	(2)
Other comprehensive income before reclassifications, net of tax	129	8
Gains reclassified from AOCI to net income ¹	(42)	(1)
Income tax expense ²	9	—
Net gains reclassified from AOCI to net income	(33)	(1)
Ending balance	<u>\$ 164</u>	<u>\$ 6</u>
Pension and OPEB		
Beginning balance	\$ 549	\$ (135)
Net actuarial loss reclassified from AOCI to net income ³	1	9
Income tax benefit ²	—	(2)
Net losses reclassified from AOCI to net income	1	7
Ending balance	<u>\$ 550</u>	<u>\$ (128)</u>
Total AOCI Ending Balance	<u>\$ 715</u>	<u>\$ (120)</u>

¹ Amounts recognized in *Cost of goods sold* in the Statements of Unaudited Condensed Consolidated Operations.

² Amounts recognized in *Income tax expense* in the Statements of Unaudited Condensed Consolidated Operations.

³ Amounts recognized in *Net periodic benefit credits other than service cost component* in the Statements of Unaudited Condensed Consolidated Operations.

NOTE 16 - VARIABLE INTEREST ENTITIES
SunCoke Middletown

We purchase all the coke and electrical power generated from SunCoke Middletown's plant under long-term supply agreements and have committed to purchase all the expected production from the facility through 2032. We consolidate SunCoke Middletown as a VIE because we are the primary beneficiary despite having no ownership interest in SunCoke Middletown. SunCoke Middletown had income before income taxes of \$15 million and \$17 million for the three months ended March 31, 2022 and 2021, respectively, that was included in our consolidated income before income taxes.

The assets of the consolidated VIE can only be used to settle the obligations of the consolidated VIE and not obligations of the Company. The creditors of SunCoke Middletown do not have recourse to the assets or general credit of the Company to satisfy liabilities of the VIE. The Statements of Unaudited Condensed Consolidated Financial Position includes the following amounts for SunCoke Middletown:

	(In Millions)	
	March 31, 2022	December 31, 2021
Cash and cash equivalents	\$ —	\$ —
Inventories	30	20
Property, plant and equipment, net	294	300
Accounts payable	(20)	(12)
Other assets (liabilities), net	(16)	(12)
Noncontrolling interests	(288)	(296)

NOTE 17 - EARNINGS PER SHARE

The following table summarizes the computation of basic and diluted earnings per share:

	(In Millions, Except Per Share Amounts)	
	Three Months Ended March 31,	
	2022	2021
Income from continuing operations	\$ 813	\$ 57
Income from continuing operations attributable to noncontrolling interest	(13)	(16)
Net income from continuing operations attributable to Cliffs shareholders	800	41
Income from discontinued operations, net of tax	1	—
Net income attributable to Cliffs shareholders	\$ 801	\$ 41
Weighted average number of shares:		
Basic	521	490
Redeemable preferred shares	—	58
Convertible senior notes ¹	7	19
Employee stock plans	4	4
Diluted	532	571
Earnings per common share attributable to Cliffs shareholders - basic ² :		
Continuing operations	\$ 1.54	\$ 0.08
Discontinued operations	—	—
	\$ 1.54	\$ 0.08
Earnings per common share attributable to Cliffs shareholders - diluted:		
Continuing operations	\$ 1.50	\$ 0.07
Discontinued operations	—	—
	\$ 1.50	\$ 0.07

¹ On January 1, 2022, we adopted ASU 2020-06, *Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40)*. We utilized the modified retrospective method of adoption; using this approach, the guidance was applied to transactions outstanding as of the beginning of the fiscal year.

² For the three months ended March 31, 2021, basic earnings per share is calculated by dividing *Net income attributable to Cliffs shareholders*, less \$4 million of earnings attributed to Series B Participating Redeemable Preferred Stock, by the weighted average number of basic common shares outstanding during the period presented.

NOTE 18 - COMMITMENTS AND CONTINGENCIES**Purchase Commitments**

We purchase portions of the principal raw materials required for our steel manufacturing operations under annual and multi-year agreements, some of which have minimum quantity requirements. We also use large volumes of natural gas, electricity and industrial gases in our steel manufacturing operations. We negotiate most of our purchases of chrome, industrial gases and a portion of our electricity under multi-year agreements. Our purchases of coke are made under annual or multi-year agreements with periodic price adjustments. We typically purchase coal under annual fixed-price agreements. We also purchase certain transportation services under multi-year contracts with minimum quantity requirements.

Contingencies

We are currently the subject of, or party to, various claims and legal proceedings incidental to our current and historical operations. These claims and legal proceedings are subject to inherent uncertainties and unfavorable rulings could occur. An unfavorable ruling could include monetary damages, additional funding requirements or an injunction. If an unfavorable ruling were to occur, there exists the possibility of a material adverse effect on the financial position and results of operations for the period in which the ruling occurs or future periods. However, based on currently available information we do not believe that any pending claims or legal proceedings will result in a material adverse effect in relation to our consolidated financial statements.

Environmental Contingencies

Although we believe our operating practices have been consistent with prevailing industry standards, hazardous materials may have been released at operating sites or third-party sites in the past, including operating sites that we no longer own. If we reasonably can, we estimate potential remediation expenditures for those sites where future remediation efforts are probable based on identified conditions, regulatory requirements or contractual obligations arising from the sale of a business or facility. For sites involving government-required investigations, we typically make an estimate of potential remediation expenditures only after the scope of remediation is determined or approved by the relevant environmental agencies. In general, the material factors in these estimates include the costs associated with investigations, delineations, risk assessments, remedial work, governmental response and oversight, site monitoring, and preparation of reports to the appropriate environmental agencies.

The following is a summary of our environmental obligations:

	(In Millions)	
	March 31, 2022	December 31, 2021
Environmental obligations	\$ 206	\$ 207
Less: current portion	19	20
Long-term environmental obligations	<u>\$ 187</u>	<u>\$ 187</u>

We cannot predict the ultimate costs for each site with certainty because of the evolving nature of the investigation and remediation process. Rather, to estimate the probable costs, we must make certain assumptions. The most significant of these assumptions is for the nature and scope of the work that will be necessary to investigate and remediate a particular site and the cost of that work. Other significant assumptions include the cleanup technology that will be used, whether and to what extent any other parties will participate in paying the investigation and remediation costs, reimbursement of past response costs and future oversight costs by governmental agencies, and the reaction of the governing environmental agencies to the proposed work plans. Costs for future investigation and remediation are not discounted to their present value, unless the amount and timing of the cash disbursements are readily known. To the extent that we have been able to reasonably estimate future liabilities, we do not believe that there is a reasonable possibility that we will incur a loss or losses that exceed the amounts we accrued for the environmental matters discussed below that would, either individually or in the aggregate, have a material adverse effect on our consolidated financial condition, results of operations or cash flows. However, since we recognize amounts in the consolidated financial statements in accordance with GAAP that exclude potential losses that are not probable or that may not be currently estimable, the ultimate costs of these environmental matters may be higher than the liabilities we currently have recorded in our consolidated financial statements.

Pursuant to RCRA, which governs the treatment, handling and disposal of hazardous waste, the EPA and authorized state environmental agencies may conduct inspections of RCRA-regulated facilities to identify areas where

there have been releases of hazardous waste or hazardous constituents into the environment and may order the facilities to take corrective action to remediate such releases. Likewise, the EPA or the states may require closure or post-closure care of residual, industrial and hazardous waste management units. Environmental regulators have the authority to inspect all of our facilities. While we cannot predict the future actions of these regulators, it is possible that they may identify conditions in future inspections of these facilities that they believe require corrective action.

Pursuant to CERCLA, the EPA and state environmental authorities have conducted site investigations at some of our facilities and other third-party facilities, portions of which previously may have been used for disposal of materials that are currently regulated. The results of these investigations are still pending, and we could be directed to spend funds for remedial activities at the former disposal areas. Because of the uncertain status of these investigations, however, we cannot reasonably predict whether or when such spending might be required or its magnitude.

On April 29, 2002, AK Steel entered a mutually agreed-upon administrative order with the consent of the EPA pursuant to Section 122 of CERCLA to perform a RI/FS of the Hamilton plant site located in New Miami, Ohio. The plant ceased operations in 1990 and all of its former structures have been demolished. AK Steel submitted the investigation portion of the RI/FS and completed supplemental studies. Until the RI/FS is complete, we cannot reasonably estimate the additional costs, if any, we may incur for potentially required remediation of the site or when we may incur them.

Burns Harbor Water Issues

In August 2019, ArcelorMittal Burns Harbor LLC (n/k/a Cleveland-Cliffs Burns Harbor LLC) suffered a loss of the blast furnace cooling water recycle system, which led to the discharge of cyanide and ammonia in excess of the Burns Harbor plant's NPDES permit limits. Since that time, the facility has taken numerous steps to prevent recurrence and maintain compliance with its NPDES permit. We engaged in settlement discussions with the U.S. Department of Justice, the EPA and the State of Indiana to resolve any alleged violations of environmental laws or regulations arising out of the August 2019 event. Later stages of the settlement discussions included the Environmental Law and Policy Center (ELPC) and Hoosier Environmental Council (HEC), which had filed a lawsuit on December 20, 2019 in the U.S. District Court for the Northern District of Indiana alleging violations resulting from the August 2019 event and other Clean Water Act claims. On February 14, 2022, the United States and the State of Indiana filed a complaint and a proposed consent decree, and on April 21, 2022, the United States, with the consent of all of the parties, filed a motion seeking final approval of the consent decree from the court. The consent decree requires specified enhancements to the mill's wastewater treatment systems and a \$3 million civil penalty, along with other terms and conditions. Other parties to the consent decree include the United States, the State of Indiana, ELPC and HEC. In addition, ArcelorMittal Burns Harbor LLC was served with a subpoena on December 5, 2019, from the United States District Court for the Northern District of Indiana, relating to the August 2019 event and has responded to the subpoena requests, including follow-up requests. With the resolution of monetary sanctions and injunctive relief requirements under the pending consent decree, we do not believe that the costs to resolve any other third-party claims, including potential natural resource damages claims, that may arise out of the August 2019 event are likely to have, individually or in the aggregate, a material adverse effect on our consolidated financial condition, results of operations or cash flows.

In addition to the foregoing matters, we are or may be involved in proceedings with various regulatory authorities that may require us to pay fines, comply with more rigorous standards or other requirements or incur capital and operating expenses for environmental compliance. We believe that the ultimate disposition of any such proceedings will not have, individually or in the aggregate, a material adverse effect on our consolidated financial condition, results of operations or cash flows.

Tax Matters

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations. We recognize liabilities for anticipated tax audit issues based on our estimate of whether, and the extent to which, additional taxes will be due. If we ultimately determine that payment of these amounts is unnecessary, we reverse the liability and recognize a tax benefit during the period in which we determine that the liability is no longer necessary. We also recognize tax benefits to the extent that it is more likely than not that our positions will be sustained when challenged by the taxing authorities. To the extent we prevail in matters for which liabilities have been established, or are required to pay amounts in excess of our liabilities, our effective tax rate in a given period could be materially affected. An unfavorable tax settlement would require use of our cash and result in an increase in our effective tax rate in the year of resolution. A favorable tax settlement would be recognized as a reduction in our effective tax rate in the year of resolution. Refer to NOTE 11 - INCOME TAXES for further information.

Other Contingencies

In addition to the matters discussed above, there are various pending and potential claims against us and our subsidiaries involving product liability, personal injury, commercial, employee benefits and other matters arising in the ordinary course of business. Because of the considerable uncertainties that exist for any claim, it is difficult to reliably or accurately estimate what the amount of a loss would be if a claimant prevails. If material assumptions or factual understandings we rely on to evaluate exposure for these contingencies prove to be inaccurate or otherwise change, we may be required to record a liability for an adverse outcome. If, however, we have reasonably evaluated potential future liabilities for all of these contingencies, including those described more specifically above, it is our opinion, unless we otherwise noted, that the ultimate liability from these contingencies, individually or in the aggregate, should not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

NOTE 19 - SUBSEQUENT EVENTS

On March 21, 2022, we issued a notice of redemption for all \$ 607 million aggregate principal amount outstanding of the 9.875% 2025 Senior Secured Notes. The total payment made on April 20, 2022, the redemption date, to holders of the notes, including the redemption premium, was \$677 million. The notes were redeemed with available liquidity and resulted in a loss on extinguishment of debt of \$85 million, which will be recorded during the second quarter of 2022. The cash interest associated with these notes was approximately \$60 million per year.

Item 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

Management's Discussion and Analysis of Financial Condition and Results of Operations is designed to provide a reader of our financial statements with a narrative from the perspective of management on our financial condition, results of operations, liquidity and other factors that may affect our future results. We believe it is important to read our Management's Discussion and Analysis of Financial Condition and Results of Operations in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2021, as well as other publicly available information.

Overview

Cliffs is the largest flat-rolled steel producer in North America. Founded in 1847 as a mine operator, we are also the largest manufacturer of iron ore pellets in North America. We are vertically integrated from mined raw materials, direct reduced iron and ferrous scrap to primary steelmaking and downstream finishing, stamping, tooling and tubing. We are the largest supplier of steel to the automotive industry in North America and serve a diverse range of other markets due to our comprehensive offering of flat-rolled steel products. Headquartered in Cleveland, Ohio, we employ approximately 26,000 people across our operations in the United States and Canada.

Economic Overview

The fundamentals for our U.S.-centric, vertically integrated business remain healthy as demand continues to be strong, the economic rationale for importing steel has diminished and our primary competition's cost structure has increased more than our own. We believe the ongoing increase in input costs, driven largely by current geopolitical events, provides us a unique advantage relative to our domestic peers, which can be capitalized on through higher margins. The price for domestic HRC, the most significant index in driving our revenues and profitability, averaged \$1,215 per net ton for the first quarter of 2022, 4% higher than the same period last year and well above the prior ten-year average of approximately \$712 per net ton. Our expectation, as supported by the futures curve, is that HRC will remain substantially above historical averages.

HRC prices bottomed in early March 2022 at \$935 per net ton, before sharply rebounding 47% to \$1,379 per net ton at the end of the first quarter of 2022. Healthy consumer balance sheets have driven strong demand for consumer goods, such as HVAC products and appliances. Demand from machinery and equipment producers has also been robust. The demand for light vehicles has been strong; however, automotive supply chain difficulties have limited the demand for steel from automotive manufacturers. Additionally, the recently passed Infrastructure and Jobs Act of 2021 in the U.S. will likely generate increased steel demand. On the supply side, spot steel availability has been limited due to uncertainty in raw material supply and costs as well as higher global steel prices, which reduces import viability.

The conflict between Russia and Ukraine has disrupted raw material sourcing for our minimill competitors and increased their steelmaking input costs. Approximately two-thirds of all U.S. imported pig iron, a primary feedstock of minimills, is sourced from Russia and Ukraine. During the first quarter of 2022, imported pig iron prices surged from \$565 to \$1,045 per metric ton, the highest level since Fastmarkets AMM began assessing the pig iron market in September 2017. Higher imported pig iron costs will continue to support a higher HRC price. Unlike other flat-rolled steel producers, we are not reliant on imported pig iron as we produce it in house at our blast furnaces, using our own iron ore and HBI as the primary raw materials.

The price for busheling scrap, a necessary input for flat-rolled steel production in EAFs in the U.S., has significantly increased since the beginning of 2022. The Fastmarkets AMM Cleveland busheling price increased from \$580 per long ton at the beginning of the first quarter of 2022 to \$795 per long ton for the most recently reported data. As the nearest replacement to imported pig iron, we expect the busheling scrap price will remain elevated as the availability of imported pig iron from Russia and Ukraine remains uncertain. We had already expected the supply of busheling scrap to remain tight due to decreasing prime scrap generation from original equipment manufacturers and the growth of EAF capacity in the U.S., along with a push for expanded scrap use globally. As we are fully-integrated and primarily have a blast furnace footprint, the rising prices for busheling scrap in the U.S. bolster our competitive advantage, as we source the majority of our iron feedstock from our stable-cost mining and pelletizing operations in Minnesota and Michigan. The rising price of scrap should also enhance the benefit of sourcing more scrap internally following the FPT Acquisition and provide greater cost savings potential for HBI used internally.

The price of iron ore has risen dramatically since the beginning of 2022, from \$120 to \$158 per metric ton at the end of the first quarter, which has been another important factor in rising steel prices globally. The Platts 62% price averaged \$142 per metric ton in the first quarter of 2022, which is 44% higher than the historical ten-year average. While higher iron ore prices play a role in increased steel prices, we also directly benefit from higher iron ore prices for the portion of iron ore pellets we sell to third parties.

The largest market for our steel products is the automotive industry in North America, which makes light vehicle production a key driver of demand. In the first three months of 2022, North American light vehicle production was approximately 3.6 million units, the highest quarterly production volume since the first quarter of 2021. However, automotive production continues to be adversely affected by the global semiconductor shortage, as well as other material shortages and supply chain disruptions. This has continued to cause several outages amongst light vehicle manufacturers and the ultimate resolution timing is currently unknown.

During the first quarter of 2022, light vehicle sales in the U.S. saw a seasonally adjusted annualized rate of 14.2 million units, with 2.9 million passenger cars and 11.3 million light trucks sold, representing a 15% decrease over the first quarter of 2021 due primarily to decreased availability. While the semiconductor shortage is still present, it has eased modestly since 2021. Production is expected to improve and finish the year at 14.7 million units compared to 13.0 million units in each of 2020 and 2021. Improved sales and continued production issues have kept inventory near all-time lows, with only 1.1 million units of gross stock at the end of the first quarter of 2022.

Competitive Strengths

As the largest flat-rolled steel producer in North America, we benefit from having the size and scale necessary in a competitive, capital intensive business. Our sizeable operating footprint provides us with the operational leverage, flexibility and cost performance to achieve competitive margins throughout the business cycle. We also have a unique vertically integrated profile from mined raw materials, direct reduced iron, and ferrous scrap to primary steelmaking and downstream finishing, stamping, tooling and tubing. This positioning gives us both lower and more predictable costs throughout the supply chain and more control over both our manufacturing inputs and our end product destination.

One of our main competitive strengths is our ability to source our primary feedstock domestically and internally. This model reduces our exposure to volatile pricing and unreliable global sourcing. The current Russia-Ukraine conflict has displayed the importance of our U.S.-centric footprint, as our minimill competitors rely on imported pig iron to produce flat-rolled steel. We believe this advantage allows us to achieve margins above industry averages for flat-rolled steel, as we are not as reliant on unpredictable and volatile raw material supplies and pricing. Because we control our iron ore pellet supply, our primary steelmaking raw material feedstock can be secured at a stable and predictable cost and not be subject to as many factors outside of our control.

The FPT Acquisition has given us a competitive advantage in sourcing prime scrap, as we have started leveraging our long-standing flat-rolled automotive and other customer relationships into recycling partnerships to further grow our prime scrap presence. In the short period of time since the FPT Acquisition was completed, we have already seen success in our strategy by increasing our prime scrap presence. Additionally, FPT has 22 facilities

located primarily in the Midwest near our steel facilities, which gives us an increased advantage in logistics. We believe the strategic importance of these assets is now even further elevated as a result of the Russia-Ukraine conflict.

We are also the largest supplier of automotive-grade steel in the U.S. Compared to other steel end markets, automotive steel is generally higher quality and more operationally and technologically intensive to produce. As such, it often generates higher through-the-cycle margins, making it a desirable end market for the steel industry. Given the strong demand and market environment for steel in 2021, we were able to significantly improve our fixed-price contracts, which should benefit us throughout 2022. Demand for our automotive-grade steel is expected to increase in 2022 with pent-up automotive demand as a result of the semiconductor shortage. With our continued technological innovation, as well as leading delivery performance, we expect to remain the leader in supplying this industry.

We are the only producers of both GOES and NOES in the U.S. The recently passed Infrastructure and Jobs Act of 2021 in the U.S. provides funding to be used for the modernization of the electrical grid and the infrastructure needed to allow for increased electric vehicle adoption, both of which require electrical steels. As a result, with increased demand for both transformers and motors for electric vehicles, we expect to benefit from this position in what is currently a rapidly growing market.

We believe we offer the most comprehensive flat-rolled steel product selection in the industry, along with several complementary products and services. A sampling of our offering includes advanced high-strength steel, hot-dipped galvanized, aluminized, galvalume, electrogalvanized, galvaneal, HRC, cold-rolled coil, plate, tinplate, GOES, NOES, stainless steels, tool and die, stamped components, rail, slab and cast ingot. Across the quality spectrum and the supply chain, our customers can frequently find the solutions they need from our product selection.

We are the first and the only producer of HBI in the Great Lakes region. Construction of our Toledo direct reduction plant was completed in the fourth quarter of 2020 and reached full run-rate nameplate annual capacity of 1.9 million metric tons during the middle of 2021. From this modern plant, we produce a high-quality, low-cost and low-carbon intensive HBI product that can be used in our blast furnaces as a productivity enhancer or in our BOFs and EAFs as a premium scrap alternative. We use HBI to stretch our hot metal production, lowering carbon intensity and reliance on coke. As a result of our internal usage of HBI, coupled with our ongoing evaluation of coke use strategies, we idled our coke facility at Middletown Works during the third quarter of 2021 and permanently closed our Mountain State Carbon coke plant in the first quarter of 2022. With increasing tightness in the scrap and metallics markets combined with our own internal needs, we expect our Toledo direct reduction plant to support healthy margins for us going forward.

Strategy

Maximize Our Commercial Strengths

We offer a full suite of flat steel products encompassing all steps of the steel manufacturing process. We have an industry-leading market share in the automotive sector, where our portfolio of high-end products delivers a broad range of differentiated solutions for this highly sought after customer base.

As a result of our exposure to these high-end markets, we have the highest fixed-price contractual volumes in our industry. Approximately 45% of our volumes are sold under these contracts. These contracts reduce volatility and allow for more predictable through-the-cycle margins. The pricing in our fixed-price contracts has dramatically improved in 2022 compared to 2021. We expect to be able to maintain and increase contract values as fundamentals remain strong and the HRC price remains above historical averages.

We are also proponents of the “value over volume” approach in terms of steel supply. We take our leadership role in the industry very seriously and intend to manage our steel output in a responsible manner. In the first quarter of 2022, we announced the indefinite idle of Indiana Harbor #4 blast furnace. Going forward, we will continue to use our operational flexibility to align with our “value over volume” approach in terms of steel supply.

Take Advantage of our U.S.-Centric, Internally Sourced Supply Chain

We believe the conflict between Russia and Ukraine has displayed the unique advantage of our vertically integrated business model. Two-thirds of U.S. imports of pig iron, a critical raw material for flat-rolled minimills, are sourced from Russia and Ukraine. This supply has been largely disrupted, driving a spike in costs and reduced availability for our competitors’ ferrous inputs. We produce our pig iron in house in the United States, supported by internally sourced iron ore and HBI and supplemented with internally sourced scrap. As a result, our costs remain relatively stable and our iron feedstock needs are secure compared to our competitors.

While these competitors are forced to scramble for materials and increase their selling prices as a result of rising input costs, we expect to be able to realize higher margins as we take advantage of our vertically integrated footprint. We are also more secure in offering additional finished steel to customers with less exposure to uncertain materials costs or limited availability.

We began construction of our Toledo direct reduction plant in 2017, in part because of the uncertainty of the industry sourcing metallics from Russia and Ukraine. Russia had previously invaded the Crimea peninsula in 2014, and we felt it necessary to on-shore more metallics capacity to the United States. HBI, which is a lower-carbon alternative to imported pig iron, has also become a critical component of our decarbonization strategy.

Optimize Our Fully Integrated Steelmaking Footprint

We are a fully-integrated steel enterprise with the size and scale to achieve margins above industry averages for flat-rolled steel. Our focus remains on both maintaining and enhancing our cost advantage while also lowering carbon emissions. The combination of our ferrous raw materials, including iron ore, scrap and HBI, allows us to do so relative to peers who must rely on more unpredictable and unreliable raw material sourcing strategies.

We have started to increase the amount of scrap and HBI in our melting processes to stretch our production of liquid pig iron from traditional inputs. With our acquisition of FPT, we have ample access to scrap along with internally-sourced HBI. The use of higher amounts of HBI in our blast furnaces ultimately boosts liquid steel output, reduces coke needs and lowers carbon emissions from our operations. As a result of the successful operational improvements, we announced the indefinite idle of the Indiana Harbor #4 blast furnace in the first quarter of 2022. The indefinite idle reduced our operational blast furnaces from 8 to 7 without any expected change to our full-year 2022 steel shipment volumes.

Expand our Ferrous Scrap Recycling Presence

Throughout our entire footprint, we consume a very significant amount of scrap in our EAFs and BOFs, more than half of which can now be obtained through internal sources. Prime scrap is a byproduct of industrial manufacturing. As manufacturing in the U.S. has moved offshore and yields have improved, prime scrap supply has been shrinking for the last 50 years. As the steel industry continues to increase its focus on decarbonization and brings new flat-rolled EAF capacity online over the next five years, and the global metallics market remains disrupted as a result of the Russia-Ukraine conflict, securing additional access to prime scrap will continue to be an important strategic initiative.

Our expansion in this area began with the FPT Acquisition and has continued to grow by pairing FPT's processing capabilities with our long-standing customer relationships. As the largest supplier of flat-rolled steel in North America, we are the largest source of the steel that generates prime scrap in manufacturing facilities. Based on this, we are growing our prime scrap presence by leveraging our long-standing flat-rolled automotive and other customer relationships and expanding them into recycling partnerships. The FPT Acquisition allows us to optimize productivity at our existing EAFs and BOFs, as we have no current plans to add additional steelmaking capacity.

Advance our Participation in the Green Economy

We are seeking to expand our customer base with the rapidly growing and desirable electric vehicle market. At this time, we believe the North American automotive industry is approaching a structural inflection point with the adoption of electrical motors in passenger vehicles. As this market grows, it will require more advanced steel applications to meet the needs of electric vehicle producers and consumers. With our unique technical capabilities and leadership in the automotive industry, we believe we are positioned better than any other North American steelmaker to supply the steel and parts necessary to fill these needs.

We also have the right products to meet the growing demand for renewable energy as well as for the modernization of the U.S. electrical grid. We offer plate products that can be used in windmills, which we estimate contain 130 tons of steel per megawatt of electricity. In addition, panels for solar power are heavy consumers of galvanized steel, where we are a leading producer. We estimate solar panels consume 40 tons of steel per megawatt of electricity.

We are currently the sole producer of electrical steels in the U.S., which can facilitate the modernization of the U.S. electrical grid. Along with charging networks, electrical steels are also needed in the motors of electric vehicles.

Enhance our Environmental Sustainability

Our commitment to operating our business in a more environmentally responsible manner remains constant. One of the most important issues impacting our industry, our stakeholders and our planet is climate change. In early 2021, we announced our commitment to reduce GHG emissions 25% from 2017 levels by 2030. This goal represents combined Scope 1 (direct emissions) and Scope 2 (indirect emissions from purchased electricity or other forms of energy) GHG emission reductions across all of our operations.

Prior to setting this goal with our newly acquired steel assets, we exceeded our previous GHG reduction target at our legacy facilities six years ahead of our 2025 goal. In 2019, we reduced our combined Scope 1 and Scope 2 GHG emissions by 42% on a mass basis from 2005 baseline levels. Our goal is to further reduce those emissions in coming years.

Our future GHG emissions reductions are expected to be driven by the use of direct reduced iron in blast furnaces, the stretching of hot metal with additional scrap, driving more productivity out of fewer blast furnaces, natural gas technologies, including natural gas injection, carbon capture, clean energy and energy efficiency projects.

Improve Financial Flexibility

Given the cyclical nature of our business, it is important to us to be in the financial position to easily withstand any negative demand or pricing pressure we may encounter. With strong business conditions and the expectation to generate healthy free cash flow throughout 2022 and beyond, we have the ability to reduce substantial amounts of debt, return capital to shareholders through our share repurchase program and make investments to both improve and grow our business.

We anticipate that a strong market environment and significantly improved fixed-price contracts will provide us ample opportunities to reduce our debt with our own free cash flow generation in the coming years. We have demonstrated this by redeeming all \$607 million aggregate principal amount outstanding of our 9.875% 2025 Senior Secured Notes in April 2022. In addition, we redeemed all \$294 million aggregate principal amount outstanding of our 1.500% 2025 Convertible Senior Notes in January 2022.

Recent Developments

Closure of Mountain State Carbon

As a result of our internal usage of HBI, coupled with our ongoing evaluation of coke use strategies, we permanently closed our Mountain State Carbon coke plant during the first quarter of 2022.

Indefinite Idle of Indiana Harbor #4 Blast Furnace

On February 21, 2022, we announced the indefinite idle of the Indiana Harbor #4 blast furnace. The Indiana Harbor #4 blast furnace, which has a production capacity of 2.1 million net tons of hot metal per year, is now indefinitely idled. We do not expect any change to full-year 2022 steel shipment volumes as a result of the indefinite idle of the Indiana Harbor #4 blast furnace.

Financing Transactions

On March 21, 2022, we issued a notice of redemption for all \$607 million aggregate principal amount outstanding of the 9.875% 2025 Senior Secured Notes. The total payment made on April 20, 2022, the redemption date, to holders of the notes, including the redemption premium, was \$677 million. The notes were redeemed with available liquidity. The cash interest associated with these notes was approximately \$60 million per year.

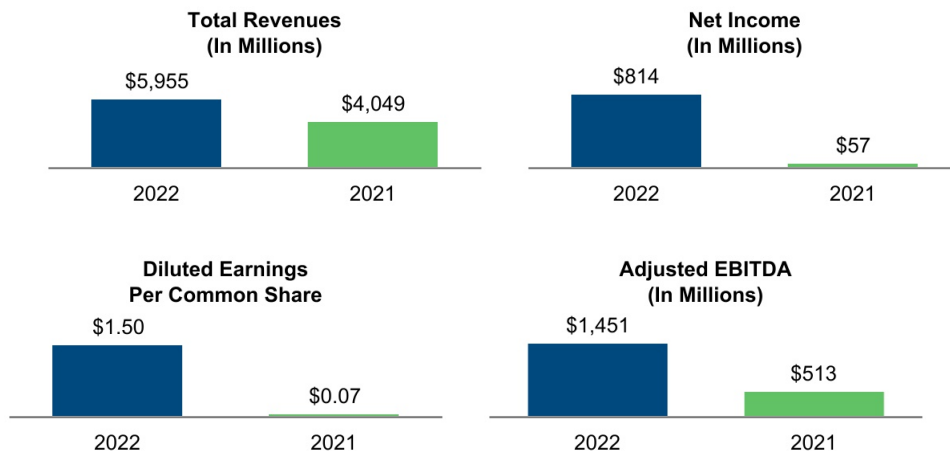
On January 18, 2022, we redeemed all of our outstanding 1.500% 2025 Convertible Senior Notes through a combination settlement, with the aggregate principal amount of \$294 million paid in cash, and 24 million common shares, with a fair value of \$499 million, delivered to noteholders in settlement of the premium due per the terms of the indenture, plus cash in respect of the accrued and unpaid interest on the 1.500% 2025 Convertible Senior Notes to, but not including, the redemption date per the terms of the indenture.

Additionally, on March 25, 2022, we redeemed all \$66 million aggregate principal amount outstanding of the IRBs due 2024 to 2028.

Results of Operations

Overview

Our total revenues, net income, diluted EPS and Adjusted EBITDA for the three months ended March 31, 2022 and 2021 were as follows:



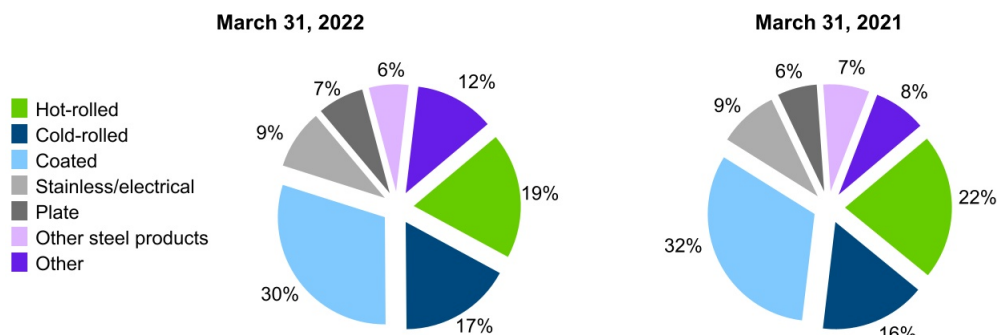
See "— Results of Operations — Adjusted EBITDA" below for a reconciliation of our *Net income* to Adjusted EBITDA.

Revenues

During the three months ended March 31, 2022, our consolidated *Revenues* were \$5,955 million, an increase of \$1,906 million, compared to the prior-year period. The increase was primarily due to an increase in the average steel product selling price of \$546 per net ton, partially offset by a decrease of 507 thousand net tons of steel shipments from our Steelmaking segment.

Revenues by Product Line

The following represents our consolidated *Revenues* by product line for the three months ended:



Revenues by Market

The following table represents our consolidated *Revenues* and percentage of revenues attributable to each of the markets we supply:

	(In Millions)			
	Three Months Ended March 31,			
	2022		2021	
	Revenue	%	Revenue	%
Automotive	\$ 1,729	29 %	\$ 1,392	34 %
Infrastructure and Manufacturing	1,557	26 %	964	24 %
Distributors and Converters	1,853	31 %	1,263	31 %
Steel Producers	816	14 %	430	11 %
Total revenues	\$ 5,955		\$ 4,049	

Operating Costs

Cost of goods sold

During the three months ended March 31, 2022, *Cost of goods sold* increased by \$945 million, as compared to the prior-year period. See "— Results of Operations — Steelmaking" below for further detail.

Selling, general and administrative expenses

During the three months ended March 31, 2022, *Selling, general and administrative expenses* increased by \$14 million, as compared to the prior-year period. The increase was primarily due to an increase in employment-related costs and higher charitable contributions to The Cleveland-Cliffs Foundation.

Miscellaneous – net

Miscellaneous – net increased by \$30 million for the three months ended March 31, 2022, as compared to the prior-year period. The increase in miscellaneous expense was primarily due to the \$29 million asset impairment charge associated with the permanent closure of Mountain State Carbon.

Other Income (Expense)

Interest expense, net

Interest expense, net decreased by \$15 million for the three months ended March 31, 2022, as compared to the prior-year period. The decrease was primarily due to debt restructuring activities during 2021, which reduced interest expense on our senior notes.

Gain (loss) on extinguishment of debt

The loss on extinguishment of debt of \$14 million for the three months ended March 31, 2022 primarily resulted from the redemption of all \$294 million aggregate principal amount of our outstanding 1.500% 2025 Convertible Senior Notes in January 2022.

The loss on extinguishment of debt of \$66 million for the three months ended March 31, 2021 primarily resulted from the repurchase of \$322 million aggregate principal amount of 9.875% 2025 Senior Secured Notes and \$535 million in aggregate principal amount of our outstanding senior notes of various series.

Refer to NOTE 8 - DEBT AND CREDIT FACILITIES for further details.

Income Taxes

Our effective tax rate is impacted by permanent items, primarily state income tax expense and depletion. It also is affected by discrete items that may occur in any given period but are not consistent from period to period. The following represents a summary of our tax provision and corresponding effective rates:

	(In Millions)	
	Three Months Ended March 31,	
	2022	2021
Income tax expense	\$ (237)	\$ (9)
Effective tax rate	23 %	14 %

Our 2022 estimated annual effective tax rate before discrete items at March 31, 2022 is 22%. This estimated annual effective tax rate exceeds the U.S. statutory rate of 21%, as state income tax expense exceeds the percentage depletion in excess of cost depletion. The 2021 estimated annual effective tax rate before discrete items at March 31, 2021 was 19%. The increase in the estimated annual effective tax rate before discrete items is driven by the change in income and a decrease to the percentage depletion in excess of cost depletion.

Adjusted EBITDA

We evaluate performance on an operating segment basis, as well as a consolidated basis, based on Adjusted EBITDA, which is a non-GAAP measure. This measure is used by management, investors, lenders and other external users of our financial statements to assess our operating performance and to compare operating performance to other companies in the steel industry. In addition, management believes Adjusted EBITDA is a useful measure to assess the earnings power of the business without the impact of capital structure and can be used to assess our ability to service debt and fund future capital expenditures in the business.

The following table provides a reconciliation of our *Net income* to Adjusted EBITDA:

	(In Millions)	
	Three Months Ended March 31,	
	2022	2021
Net income	\$ 814	\$ 57
Less:		
Interest expense, net	(77)	(92)
Income tax expense	(237)	(9)
Depreciation, depletion and amortization	(301)	(217)
Total EBITDA	\$ 1,429	\$ 375
Less:		
EBITDA of noncontrolling interests ¹	\$ 22	\$ 22
Asset impairment	(29)	—
Loss on extinguishment of debt	(14)	(66)
Severance costs	(1)	(11)
Acquisition-related costs excluding severance costs	(1)	(2)
Amortization of inventory step-up	—	(81)
Impact of discontinued operations	1	—
Total Adjusted EBITDA	\$ 1,451	\$ 513

¹ EBITDA of noncontrolling interests includes the following:

Net income attributable to noncontrolling interests	\$ 13	\$ 16
Depreciation, depletion and amortization	9	6
EBITDA of noncontrolling interests	\$ 22	\$ 22

The following table provides a summary of our Adjusted EBITDA by segment:

	(In Millions)	
	Three Months Ended March 31,	
	2022	2021
Adjusted EBITDA:		
Steelmaking	\$ 1,423	\$ 502
Other Businesses	29	11
Eliminations ¹	(1)	—
Total Adjusted EBITDA	<u>\$ 1,451</u>	<u>\$ 513</u>

¹In 2022, we began allocating Corporate SG&A to our operating segments. Prior periods have been adjusted to reflect this change. The Eliminations line now only includes sales between segments.

Adjusted EBITDA from our Steelmaking segment for the three months ended March 31, 2022 increased by \$921 million, as compared to the prior-year period. The increase was primarily attributable to higher gross margin of \$947 million for the three months ended March 31, 2022, as compared to the prior-year period. For the three months ended March 31, 2022 and 2021, our Steelmaking Adjusted EBITDA included *Selling, general and administrative expenses* of \$114 million and \$99 million, respectively.

Steelmaking

The following is a summary of our Steelmaking segment results included in our consolidated financial statements for the three months ended March 31, 2022 and 2021.

The following is a summary of our Steelmaking segment operating results:

	Three Months Ended March 31,		Percent Change
	2022	2021	
Steel shipments (in thousands of net tons)	3,637	4,144	(12) %
Average selling price per net ton of steel products	\$ 1,446	\$ 900	61 %
Revenues (in millions)	\$ 5,794	\$ 3,919	48 %
Cost of goods sold (in millions)	\$ (4,572)	\$ (3,644)	25 %
Gross margin (in millions)	\$ 1,222	\$ 275	344 %
Gross margin percentage	21 %	7 %	
Adjusted EBITDA (in millions)	\$ 1,423	\$ 502	183 %

Operating Results

Gross margin increased by \$947 million, or 344%, during the three months ended March 31, 2022, as compared to the prior-year period, primarily due to:

- An increase in selling prices (approximately \$2 billion impact) driven by favorable renewals of annual sales contracts, higher index steel prices and spot prices;
- This increase was partially offset by lower sales volumes (approximately \$150 million impact), predominantly driven by lower shipments to the distributor and converters end market due to high inventory levels, as well as reduced shipments to the automotive and end user markets, as a result of supply chain shortages; and
- Increased costs of production (approximately \$900 million impact) driven by higher raw materials and utility costs, including coal, alloys, scrap and natural gas, coupled with increased investment in maintenance and labor costs.

Liquidity, Cash Flows and Capital Resources

Our primary sources of liquidity are *Cash and cash equivalents* and cash generated from our operations, availability under the ABL Facility and other financing activities. Our capital allocation decision-making process is focused on preserving healthy liquidity levels while maintaining the strength of our balance sheet and creating financial flexibility to manage through the inherent cyclical demand for our products and volatility in commodity prices. We are focused on maximizing the cash generation of our operations, reducing debt, and aligning capital investments with our strategic priorities and the requirements of our business plan, including regulatory and permission-to-operate related projects.

The current strong market environment has provided us opportunities to reduce our debt with our own free cash flow generation. We also continue to look at the composition of our debt, as we are interested in both extending our average maturity length and increasing our ratio of unsecured debt to secured debt, which can be accomplished with cash provided by operating activities. During 2022, we took action in alignment with these priorities. First, in January 2022, we redeemed all \$294 million in aggregate principal amount outstanding of our 1.500% 2025 Convertible Senior Notes. Second, in March 2022, we redeemed all \$66 million aggregate principal amount outstanding of the IRBs due 2024 to 2028. Most recently, in April 2022, we redeemed all \$607 million remaining aggregate principal amount outstanding of our 9.875% 2025 Senior Secured Notes.

Based on our outlook for the next 12 months, which is subject to continued changing demand from customers and volatility in domestic steel prices, we expect to have ample liquidity through cash generated from operations and availability under our ABL Facility sufficient to meet the needs of our operations, service and repay our debt obligations and return capital to shareholders.

The following discussion summarizes the significant items impacting our cash flows during the three months ended March 31, 2022 and 2021 as well as expected impacts to our future cash flows over the next 12 months. Refer to the Statements of Unaudited Condensed Consolidated Cash Flows for additional information.

Operating Activities

Net cash provided by operating activities was \$533 million for the three months ended March 31, 2022, compared to net cash used by operating activities of \$379 million for the three months ended March 31, 2021. The period-over-period improvement was driven by improved operating results. Additionally, there were positive changes in working capital period-over-period. Changes in working capital included increases in payables partially offset by increases in inventory primarily related to the automotive semiconductor shortage and increased raw material and production costs. Additionally, we had lower pension contributions as a result of improvements to our pension plans' funded status.

Investing Activities

Net cash used by investing activities was \$235 million and \$135 million for the three months ended March 31, 2022 and 2021, respectively. We had capital expenditures of \$236 million and \$136 million for the three months ended March 31, 2022 and 2021, respectively, primarily relating to sustaining capital spend. Sustaining capital spend includes infrastructure, mobile equipment, fixed equipment, product quality, reliability, environment, health and safety.

We anticipate total cash used for capital expenditures during the next 12 months to be between \$850 and \$900 million.

Financing Activities

Net cash used by financing activities was \$311 million for the three months ended March 31, 2022, compared to net cash provided by financing activities of \$512 million for the three months ended March 31, 2021. Cash outflows from financing activities for the three months ended March 31, 2022 included \$360 million for repayments of debt. We used available liquidity to redeem all \$294 million aggregate principal amount outstanding of our 1.500% 2025 Convertible Senior Notes and all \$66 million aggregate principal amount outstanding of our IRBs due 2024 to 2028.

Net cash provided by financing activities for the three months ended March 31, 2021 included the issuances of \$500 million aggregate principal amount of 4.625% 2029 Senior Notes, \$500 million aggregate principal amount of 4.875% 2031 Senior Notes and 20 million common shares for proceeds of \$322 million, along with net borrowings of \$148 million under credit facilities. We used the net proceeds from the issuance of the 20 million common shares, and cash on hand, to redeem \$322 million in aggregate principal amount of our 9.875% 2025 Senior Secured Notes. We used the net proceeds from the issuances of the 4.625% 2029 Senior Notes and 4.875% 2031 Senior Notes to redeem all of the outstanding 4.875% 2024 Senior Secured Notes, 6.375% 2025 Senior Notes, 7.625% 2021 AK

Senior Notes, 7.500% 2023 AK Senior Notes and 6.375% 2025 AK Senior Notes, and pay fees and expenses in connection with such redemptions, and reduce borrowings under our ABL Facility.

We anticipate future uses of cash during the next 12 months to include repayment of our ABL Facility balance, as well as opportunistic transactions, including other debt repayments.

Capital Resources

The following represents a summary of key liquidity measures:

	(In Millions)	
	March 31, 2022	
Cash and cash equivalents	\$	35
Available borrowing base on ABL Facility ¹	\$	4,500
Borrowings		(1,715)
Letter of credit obligations		(171)
Borrowing capacity available	\$	2,614

¹As of March 31, 2022, the ABL Facility had a maximum borrowing base of \$4.5 billion. The available borrowing base is determined by applying customary advance rates to eligible accounts receivable, inventory and certain mobile equipment.

Our primary sources of funding are cash and cash equivalents, which totaled \$35 million as of March 31, 2022, cash generated by our business, availability under the ABL Facility and other financing activities. The combination of cash and availability under the ABL Facility gives us \$2.6 billion in liquidity entering the second quarter of 2022, which is expected to be adequate to fund operations, letter of credit obligations, capital expenditures and other cash commitments for at least the next 12 months.

As of March 31, 2022, we were in compliance with the ABL Facility liquidity requirements and, therefore, the springing financial covenant requiring a minimum fixed charge coverage ratio of 1.0 to 1.0 was not applicable.

Off-Balance Sheet Arrangements

In the normal course of business, we are a party to certain arrangements that are not reflected on our Statements of Unaudited Condensed Consolidated Financial Position. These arrangements include minimum "take or pay" purchase commitments, such as minimum electric power demand charges, minimum coal, coke, diesel and natural gas purchase commitments, minimum railroad transportation commitments and minimum port facility usage commitments; and financial instruments with off-balance sheet risk, such as bank letters of credit and bank guarantees.

Information about our Guarantors and the Issuer of our Guaranteed Securities

The accompanying summarized financial information has been prepared and presented pursuant to SEC Regulation S-X, Rule 3-10, "Financial Statements of Guarantors and Issuers of Guaranteed Securities Registered or Being Registered," and Rule 13-01 "Financial Disclosures about Guarantors and Issuers of Guaranteed Securities and Affiliates Whose Securities Collateralized a Registrant's Securities." Certain of our subsidiaries (the "Guarantor subsidiaries") have fully and unconditionally, and jointly and severally, guaranteed the obligations under (a) the 5.875% 2027 Senior Notes, the 7.000% 2027 Senior Notes, the 4.625% 2029 Senior Notes and the 4.875% 2031 Senior Notes issued by Cleveland-Cliffs Inc. on a senior unsecured basis and (b) the 6.750% 2026 Senior Secured Notes and, prior to the full redemption in April 2022, the 9.875% 2025 Senior Secured Notes issued by Cleveland-Cliffs Inc. on a senior secured basis. See NOTE 8 - DEBT AND CREDIT FACILITIES for further information.

The following presents the summarized financial information on a combined basis for Cleveland-Cliffs Inc. (parent company and issuer of the guaranteed obligations) and the Guarantor subsidiaries, collectively referred to as the obligated group. Transactions between the obligated group have been eliminated. Information for the non-Guarantor subsidiaries was excluded from the combined summarized financial information of the obligated group.

Each Guarantor subsidiary is consolidated by Cleveland-Cliffs Inc. as of March 31, 2022. Refer to [Exhibit 22](#), incorporated herein by reference, for the detailed list of entities included within the obligated group as of March 31, 2022.

The guarantee of a Guarantor subsidiary with respect to Cliffs' 6.750% 2026 Senior Secured Notes, the 5.875% 2027 Senior Notes, the 7.000% 2027 Senior Notes, the 4.625% 2029 Senior Notes and the 4.875% 2031 Senior Notes will be, and with respect to the 9.875% 2025 Senior Secured Notes, would have been, automatically and unconditionally released and discharged, and such Guarantor subsidiary's obligations under the guarantee and the related indentures (the "Indentures") will be, and with respect to the 9.875% 2025 Senior Secured Notes, would have been, automatically and unconditionally released and discharged, upon the occurrence of any of the following, along with the delivery to the trustee of an officer's certificate and an opinion of counsel, each stating that all conditions precedent provided for in the applicable Indenture relating to the release and discharge of such Guarantor subsidiary's guarantee have been complied with:

- (a) any sale, exchange, transfer or disposition of such Guarantor subsidiary (by merger, consolidation, or the sale of) or the capital stock of such Guarantor subsidiary after which the applicable Guarantor subsidiary is no longer a subsidiary of the Company or the sale of all or substantially all of such Guarantor subsidiary's assets (other than by lease), whether or not such Guarantor subsidiary is the surviving entity in such transaction, to a person which is not the Company or a subsidiary of the Company; provided that (i) such sale, exchange, transfer or disposition is made in compliance with the applicable Indenture, including the covenants regarding consolidation, merger and sale of assets and, as applicable, dispositions of assets that constitute notes collateral, and (ii) all the obligations of such Guarantor subsidiary under all debt of the Company or its subsidiaries terminate upon consummation of such transaction;
- (b) designation of any Guarantor subsidiary as an "excluded subsidiary" (as defined in the Indentures); or
- (c) defeasance or satisfaction and discharge of the Indentures.

Each entity in the summarized combined financial information follows the same accounting policies as described in the consolidated financial statements. The accompanying summarized combined financial information does not reflect investments of the obligated group in non-Guarantor subsidiaries. The financial information of the obligated group is presented on a combined basis; intercompany balances and transactions within the obligated group have been eliminated. The obligated group's amounts due from, amounts due to, and transactions with, non-Guarantor subsidiaries and related parties have been presented in separate line items.

Summarized Combined Financial Information of the Issuer and Guarantor Subsidiaries:

The following table is summarized combined financial information from the Statements of Unaudited Condensed Consolidated Financial Position of the obligated group:

	(In Millions)	
	March 31, 2022	December 31, 2021
Current assets	\$ 7,937	\$ 6,539
Non-current assets	9,858	12,753
Current liabilities	(3,701)	(3,222)
Non-current liabilities	(8,914)	(9,081)

The following table is summarized combined financial information from the Statements of Unaudited Condensed Consolidated Operations of the obligated group:

	(In Millions)	
	Three Months Ended	
	March 31, 2022	
Revenues	\$ 5,535	
Cost of goods sold		(4,338)
Income from continuing operations		724
Net income		725
Net income attributable to Cliffs shareholders		725

As of March 31, 2022 and December 31, 2021, the obligated group had the following balances with non-Guarantor subsidiaries and other related parties:

	(In Millions)	
	March 31, 2022	December 31, 2021
Balances with non-Guarantor subsidiaries:		
Accounts receivable, net	\$ 350	\$ 199
Accounts payable	(442)	(186)
Balances with other related parties:		
Accounts receivable, net	\$ 13	\$ 3
Accounts payable	(11)	(7)

Additionally, for the three months ended March 31, 2022, the obligated group had *Revenues* of \$37 million and *Cost of goods sold* of \$27 million, in each case, with other related parties.

Market Risks

We are subject to a variety of risks, including those caused by changes in commodity prices and interest rates. We have established policies and procedures to manage such risks; however, certain risks are beyond our control.

Pricing Risks

In the ordinary course of business, we are exposed to market risk and price fluctuations related to the sale of our products, which are impacted primarily by market prices for HRC, and the purchase of energy and raw materials used in our operations, which are impacted by market prices for electricity, natural gas, ferrous and stainless steel scrap, chrome, metallurgical coal, coke, nickel and zinc. Our strategy to address market risk has generally been to obtain competitive prices for our products and services and allow operating results to reflect market price movements dictated by supply and demand; however, we make forward physical purchases and enter into hedge contracts to manage exposure to price risk related to the purchases of certain raw materials and energy used in the production process.

Our financial results can vary for our operations as a result of fluctuations in market prices. We attempt to mitigate these risks by aligning fixed and variable components in our customer pricing contracts, supplier purchasing agreements and derivative financial instruments.

Some customer contracts have fixed-pricing terms, which increase our exposure to fluctuations in raw material and energy costs. To reduce our exposure, we enter into annual, fixed-price agreements for certain raw materials. Some of our existing multi-year raw material supply agreements have required minimum purchase quantities. Under adverse economic conditions, those minimums may exceed our needs. Absent exceptions for force majeure and other circumstances affecting the legal enforceability of the agreements, these minimum purchase requirements may compel us to purchase quantities of raw materials that could significantly exceed our anticipated needs or pay damages to the supplier for shortfalls. In these circumstances, we would attempt to negotiate agreements for new purchase quantities. There is a risk, however, that we would not be successful in reducing purchase quantities, either through negotiation or litigation. If that occurred, we would likely be required to purchase more of a particular raw material in a particular year than we need, negatively affecting our results of operations and cash flows.

Certain of our customer contracts include variable-pricing mechanisms that adjust selling prices in response to changes in the costs of certain raw materials and energy, while other of our customer contracts exclude such mechanisms. We may enter multi-year purchase agreements for certain raw materials with similar variable-price mechanisms, allowing us to achieve natural hedges between the customer contracts and supplier purchase agreements. Therefore, in some cases, price fluctuations for energy (particularly natural gas and electricity), raw materials (such as scrap, chrome, zinc and nickel) or other commodities may be, in part, passed on to customers rather than absorbed solely by us. There is a risk, however, that the variable-price mechanisms in the sales contracts may not necessarily change in tandem with the variable-price mechanisms in our purchase agreements, negatively affecting our results of operations and cash flows.

Our strategy to address volatile natural gas rates and electricity rates includes improving efficiency in energy usage, identifying alternative providers and utilizing the lowest cost alternative fuels. If we are unable to align fixed and variable components between customer contracts and supplier purchase agreements, we use cash-settled commodity price swaps and options to hedge the market risk associated with the purchase of certain of our raw materials and energy requirements. Additionally, we routinely use these derivative instruments to hedge a portion of our natural gas and zinc requirements. Our hedging strategy is designed to protect us from excessive pricing volatility. However, since we do not typically hedge 100% of our exposure, abnormal price increases in any of these commodity markets might still negatively affect operating costs.

The following table summarizes the negative effect of a hypothetical change in the fair value of our derivative instruments outstanding as of March 31, 2022, due to a 10% and 25% change in the market price of each of the indicated commodities:

Commodity Derivative	(In Millions)	
	10% Change	25% Change
Natural gas	\$ 52	\$ 130
Zinc	5	12

Any resulting changes in fair value would be recorded as adjustments to AOCI, net of income taxes or recognized in net earnings, as appropriate. These hypothetical losses would be partially offset by the benefit of lower prices paid for the related commodities.

Valuation of Goodwill and Other Long-Lived Assets

We assign goodwill arising from acquired companies to the reporting units that are expected to benefit from the synergies of the acquisition. Goodwill is tested on a qualitative basis for impairment at the reporting unit level on an annual basis (October 1) and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. These events or circumstances could include a significant change in the business climate, legal factors, operating performance indicators, competition or sale or disposition of a significant portion of a reporting unit. As necessary, should our qualitative test indicate that it is more likely than not that the fair value of a reporting unit is less than its carry amount, we perform a quantitative test to determine the amount of impairment, if any, to the carrying value of the reporting unit and its associated goodwill.

Application of the goodwill impairment test requires judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units and if a quantitative assessment is deemed necessary in determination of the fair value of each reporting unit. The fair value of each reporting unit is estimated using a discounted cash flow methodology, which considers forecasted cash flows discounted at an estimated weighted average cost of capital. Assessing the recoverability of our goodwill requires significant assumptions regarding the estimated future cash flows and other factors to determine the fair value of a reporting unit, including, among other things, estimates related to forecasts of future revenues, expected Adjusted EBITDA, expected capital expenditures and working capital requirements, which are based upon our long-range plan estimates. The assumptions used to calculate the fair value of a reporting unit may change from year to year based on operating results, market conditions and other factors. Changes in these assumptions could materially affect the determination of fair value for each reporting unit.

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances that would indicate that the carrying value of the assets may not be recoverable. Such indicators may include: a significant decline in expected future cash flows; a sustained, significant decline in market pricing; a significant adverse change in legal or environmental factors or in the business climate; changes in estimates of our recoverable reserves; and unanticipated competition. Any adverse change in these factors could have a significant impact on the recoverability of our long-lived assets and could have a material impact on our consolidated statements of operations and statement of financial position.

A comparison of each asset group's carrying value to the estimated undiscounted net future cash flows expected to result from the use of the assets, including cost of disposition, is used to determine if an asset is recoverable. Projected future cash flows reflect management's best estimate of economic and market conditions over the projected period, including growth rates in revenues and costs, and estimates of future expected changes in operating margins and capital expenditures. If the carrying value of the asset group is higher than its undiscounted net future cash flows, the asset group is measured at fair value and the difference is recorded as a reduction to the long-lived assets. We estimate fair value using a market approach, an income approach or a cost approach. We concluded that there were no additional triggering events resulting in the need for an impairment assessment except

for the announcement of the permanent closure of Mountain State Carbon, which resulted in a \$29 million asset impairment charge for the three months ended March 31, 2022.

Interest Rate Risk

Interest payable on our senior notes is at fixed rates. Interest payable under our ABL Facility is at a variable rate based upon the applicable base rate plus the applicable base rate margin depending on the excess availability. As of March 31, 2022, we had \$1,715 million outstanding under the ABL Facility. An increase in prevailing interest rates would increase interest expense and interest paid for any outstanding borrowings from the ABL Facility. For example, a 100 basis point change to interest rates under the ABL Facility at the March 31, 2022 borrowing level would result in a change of \$17 million to interest expense on an annual basis.

Supply Concentration Risks

Many of our operations and mines rely on one source each of electric power and natural gas. A significant interruption or change in service or rates from our energy suppliers could materially impact our production costs, margins and profitability.

Forward-Looking Statements

This report contains statements that constitute "forward-looking statements" within the meaning of the federal securities laws. As a general matter, forward-looking statements relate to anticipated trends and expectations rather than historical matters. Forward-looking statements are subject to uncertainties and factors relating to our operations and business environment that are difficult to predict and may be beyond our control. Such uncertainties and factors may cause actual results to differ materially from those expressed or implied by the forward-looking statements. These statements speak only as of the date of this report, and we undertake no ongoing obligation, other than that imposed by law, to update these statements. Investors are cautioned not to place undue reliance on forward-looking statements. Uncertainties and risk factors that could affect our future performance and cause results to differ from the forward-looking statements in this report include, but are not limited to:

- continued volatility of steel, iron ore and scrap metal market prices, which directly and indirectly impact the prices of the products that we sell to our customers;
- uncertainties associated with the highly competitive and cyclical steel industry and our reliance on the demand for steel from the automotive industry, which has been experiencing a trend toward light weighting and supply chain disruptions, such as the semiconductor shortage, that could result in lower steel volumes being consumed;
- potential weaknesses and uncertainties in global economic conditions, excess global steelmaking capacity, oversupply of iron ore, prevalence of steel imports and reduced market demand, including as a result of the prolonged COVID-19 pandemic, conflicts or otherwise;
- severe financial hardship, bankruptcy, temporary or permanent shutdowns or operational challenges, due to the ongoing COVID-19 pandemic or otherwise, of one or more of our major customers, including customers in the automotive market, key suppliers or contractors, which, among other adverse effects, could lead to reduced demand for our products, increased difficulty collecting receivables, and customers and/or suppliers asserting force majeure or other reasons for not performing their contractual obligations to us;
- disruptions to our operations relating to the ongoing COVID-19 pandemic, including the heightened risk that a significant portion of our workforce or on-site contractors may suffer illness or otherwise be unable to perform their ordinary work functions;
- risks related to U.S. government actions with respect to Section 232, the USMCA and/or other trade agreements, tariffs, treaties or policies, as well as the uncertainty of obtaining and maintaining effective antidumping and countervailing duty orders to counteract the harmful effects of unfairly traded imports;
- impacts of existing and increasing governmental regulation, including potential environmental regulations relating to climate change and carbon emissions, and related costs and liabilities, including failure to receive or maintain required operating and environmental permits, approvals, modifications or other authorizations of, or from, any governmental or regulatory authority and costs related to implementing improvements to ensure compliance with regulatory changes, including potential financial assurance requirements;

- potential impacts to the environment or exposure to hazardous substances resulting from our operations;
- our ability to maintain adequate liquidity, our level of indebtedness and the availability of capital could limit our financial flexibility and cash flow necessary to fund working capital, planned capital expenditures, acquisitions, and other general corporate purposes or ongoing needs of our business;
- our ability to reduce our indebtedness or return capital to shareholders within the currently expected timeframes or at all;
- adverse changes in credit ratings, interest rates, foreign currency rates and tax laws;
- the outcome of, and costs incurred in connection with, lawsuits, claims, arbitrations or governmental proceedings relating to commercial and business disputes, environmental matters, government investigations, occupational or personal injury claims, property damage, labor and employment matters, or suits involving legacy operations and other matters;
- uncertain cost or availability of critical manufacturing equipment and spare parts;
- supply chain disruptions or changes in the cost, quality or availability of energy sources, including electricity, natural gas and diesel fuel, or critical raw materials and supplies, including iron ore, industrial gases, graphite electrodes, scrap metal, chrome, zinc, coke and metallurgical coal;
- problems or disruptions associated with transporting products to our customers, moving manufacturing inputs or products internally among our facilities, or suppliers transporting raw materials to us;
- uncertainties associated with natural or human-caused disasters, adverse weather conditions, unanticipated geological conditions, critical equipment failures, infectious disease outbreaks, tailings dam failures and other unexpected events;
- disruptions in, or failures of, our information technology systems, including those related to cybersecurity;
- liabilities and costs arising in connection with any business decisions to temporarily or indefinitely idle or permanently close an operating facility or mine, which could adversely impact the carrying value of associated assets and give rise to impairment charges or closure and reclamation obligations, as well as uncertainties associated with restarting any previously idled operating facility or mine;
- our ability to realize the anticipated synergies and benefits of our recent acquisition transactions and to successfully integrate the acquired businesses into our existing businesses, including uncertainties associated with maintaining relationships with customers, vendors and employees and known and unknown liabilities we assumed in connection with the acquisitions;
- our level of self-insurance and our ability to obtain sufficient third-party insurance to adequately cover potential adverse events and business risks;
- challenges to maintaining our social license to operate with our stakeholders, including the impacts of our operations on local communities, reputational impacts of operating in a carbon-intensive industry that produces GHG emissions, and our ability to foster a consistent operational and safety track record;
- our ability to successfully identify and consummate any strategic capital investments or development projects, cost-effectively achieve planned production rates or levels, and diversify our product mix and add new customers;
- our actual economic mineral reserves or reductions in current mineral reserve estimates, and any title defect or loss of any lease, license, easement or other possessory interest for any mining property;
- availability of workers to fill critical operational positions and potential labor shortages caused by the ongoing COVID-19 pandemic, as well as our ability to attract, hire, develop and retain key personnel;
- our ability to maintain satisfactory labor relations with unions and employees;
- unanticipated or higher costs associated with pension and OPEB obligations resulting from changes in the value of plan assets or contribution increases required for unfunded obligations;
- the amount and timing of any repurchases of our common shares; and

- potential significant deficiencies or material weaknesses in our internal control over financial reporting.

For additional factors affecting our business, refer to *Part II – Item 1A. Risk Factors* of this Quarterly Report on Form 10-Q. You are urged to carefully consider these risk factors.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Information regarding our market risk is presented under the caption "Market Risks," which is included in our Annual Report on Form 10-K for the year ended December 31, 2021, and *Part I – Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations* of this Quarterly Report on Form 10-Q.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our President and Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based solely on the definition of "disclosure controls and procedures" in Rule 13a-15(e) promulgated under the Exchange Act. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of the end of the period covered by this report, we carried out an evaluation under the supervision and with the participation of our management, including our President and Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our President and Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective.

There was no change in the Company's internal control over financial reporting during the quarter ended March 31, 2022 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. **Legal Proceedings**

JSW Steel Litigation. As previously disclosed, on June 8, 2021, JSW Steel filed a complaint against Cleveland-Cliffs Inc., AK Steel Holding Corporation (now known as Cleveland-Cliffs Steel Holding Corporation), Nucor Corporation and U.S. Steel in the United States District Court for the Southern District of Texas. JSW Steel alleges that the defendants engaged in a group boycott against JSW Steel in violation of federal and Texas antitrust laws by refusing to sell semi-finished steel slabs to JSW Steel, beginning in 2018 and continuing through the present; civil conspiracy among the defendants; and tortious interference with JSW Steel's contractual rights and business relations involving its vendors and customers. JSW Steel's allegations involve the tariffs and quotas imposed on steel imports by the U.S. government under Section 232 beginning in March 2018, which JSW Steel alleges raised the price of imported slabs, and statements made to the U.S. government related to exemption requests submitted by JSW Steel in 2018 and 2021. JSW Steel further claims that this alleged anticompetitive conduct negatively impacted JSW Steel's costs, production and revenues and prevented it from pursuing expansion plans at its Ohio and Texas facilities that would compete with the defendants. JSW Steel is seeking to hold the defendants jointly and severally liable for treble damages in an amount in excess of \$500 million and other relief. On February 17, 2022, the district court granted the defendants' Motions to Dismiss in their entirety and dismissed all of JSW Steel's claims with prejudice. On March 16, 2022, JSW Steel filed a notice of appeal to the United States Court of Appeals for the Fifth Circuit. We continue to believe the claims asserted against us are without merit, and we intend to vigorously contest the appeal.

Environmental Matters. SEC regulations require us to disclose certain information about administrative or judicial proceedings involving the environment and to which a governmental authority is a party if we reasonably believe that such proceedings may result in monetary sanctions above a stated threshold. Pursuant to SEC regulations, we use a threshold of \$1 million for purposes of determining whether disclosure of any such proceedings is required. We believe that this threshold is reasonably designed to result in disclosure of any such proceedings that are material to our business or financial condition.

We have described the other material pending legal proceedings, including administrative or judicial proceedings involving the environment, to which we are a party in our Annual Report on Form 10-K for the year ended December 31, 2021, and in NOTE 18 - COMMITMENTS AND CONTINGENCIES to the consolidated financial statements in *Part I – Item 1. Financial Statements* of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Item 1A. **Risk Factors**

We caution readers that our business activities involve risks and uncertainties that could cause actual results to differ materially from those currently expected by management. We described the most significant risks that could impact our results in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2021.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table presents information with respect to repurchases by the Company of our common shares during the periods indicated:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares (or Units) Purchased ¹	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs ²
January 1 - 31, 2022	628,715	\$ 22.52	—	\$ —
February 1 - 28, 2022	1,000,008	\$ 19.00	1,000,000	\$ 981,024,500
March 1 - 31, 2022	30,854	\$ 19.57	—	\$ 981,024,500
Total	1,659,577	\$ 20.34	1,000,000	

¹ Includes 628,715 shares that were delivered to us in January 2022, 8 shares that were delivered to us in February 2022, and 30,854 shares that were delivered to us in March 2022 to satisfy tax withholding obligations due upon the vesting or payment of stock awards.

² On February 11, 2022, we announced the Board of Directors authorized a program to repurchase our outstanding common shares in the open market or in privately negotiated transactions, which may include purchases pursuant to Rule 10b5-1 plans or accelerated share repurchase, up to a maximum of \$1 billion. We are not obligated to make any purchases, and the program may be suspended or discontinued at any time. The share repurchase program does not have a specific expiration date.

Item 4. Mine Safety Disclosures

We are committed to protecting the occupational health and well-being of each of our employees. Safety is one of our core values and we strive to ensure that safe production is the first priority for all employees. Our internal objective is to achieve zero injuries and incidents across the Company by focusing on proactively identifying needed prevention activities, establishing standards and evaluating performance to mitigate any potential loss to people, equipment, production and the environment. We have implemented intensive employee training that is geared toward maintaining a high level of awareness and knowledge of safety and health issues in the work environment through the development and coordination of requisite information, skills and attitudes. We believe that through these policies, we have developed an effective safety management system.

Under the Dodd-Frank Act, each operator of a coal or other mine is required to include certain mine safety results within its periodic reports filed with the SEC. As required by the reporting requirements included in §1503(a) of the Dodd-Frank Act and Item 104 of Regulation S-K, the required mine safety results regarding certain mining safety and health matters for each of our mine locations that are covered under the scope of the Dodd-Frank Act are included in Exhibit 95 of *Part II – Item 6. Exhibits* of this Quarterly Report on Form 10-Q.

Item 5. Other Information

None.

Item 6. Exhibits

All documents referenced below have been filed pursuant to the Securities Exchange Act of 1934 by Cleveland-Cliffs Inc., file number 1-09844, unless otherwise indicated.

Exhibit Number	Exhibit
10.1	* Form of Cleveland-Cliffs Inc. 2021 Equity and Incentive Compensation Plan Restricted Stock Unit Award Memorandum and Restricted Stock Unit Award Agreement (filed herewith).
10.2	* Form of Cleveland-Cliffs Inc. 2021 Equity and Incentive Compensation Plan Performance Share Award Memorandum (TSR) and Performance Share Award Agreement (filed herewith).
10.3	* Form of Cleveland-Cliffs Inc. 2021 Equity and Incentive Compensation Plan Cash Incentive Award Memorandum (TSR) and Cash Incentive Award Agreement (TSR) (filed herewith).
22	Schedule of the obligated group, including the parent and issuer and the subsidiary guarantors that have guaranteed the obligations under the 6.75% 2026 Senior Secured Notes, the 5.875% 2027 Senior Notes, the 7.00% 2027 Senior Notes, the 9.875% 2025 Senior Secured Notes, the 4.625% 2029 Senior Notes and the 4.875% 2031 Senior Notes issued by Cleveland-Cliffs Inc. (filed herewith).
31.1	Certification Pursuant to 15 U.S.C. Section 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, signed and dated by Lourenco Goncalves as of April 26, 2022 (filed herewith).
31.2	Certification Pursuant to 15 U.S.C. Section 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, signed and dated by Celso L. Goncalves Jr. as of April 26, 2022 (filed herewith).
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed and dated by Lourenco Goncalves, Chairman, President and Chief Executive Officer of Cleveland-Cliffs Inc., as of April 26, 2022 (filed herewith).
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed and dated by Celso L. Goncalves Jr., Executive Vice President, Chief Financial Officer of Cleveland-Cliffs Inc., as of April 26, 2022 (filed herewith).
95	Mine Safety Disclosures (filed herewith).
101	The following financial information from Cleveland-Cliffs Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022 formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Statements of Unaudited Condensed Consolidated Financial Position, (ii) the Statements of Unaudited Condensed Consolidated Operations, (iii) the Statements of Unaudited Condensed Consolidated Comprehensive Income, (iv) the Statements of Unaudited Condensed Consolidated Cash Flows, (v) the Statements of Unaudited Condensed Consolidated Changes in Equity, and (vi) Notes to the Unaudited Condensed Consolidated Financial Statements.
104	The cover page from this Quarterly Report on Form 10-Q, formatted in Inline XBRL and contained in Exhibit 101.

* Indicates management contract or other compensatory arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CLEVELAND-CLIFFS INC.

By: /s/ Kimberly A. Floriani
Name: Kimberly A. Floriani
Title: Senior Vice President, Controller & Chief Accounting Officer

Date: April 26, 2022

CLEVELAND-CLIFFS INC.
2021 EQUITY AND INCENTIVE COMPENSATION PLAN

RESTRICTED STOCK UNIT AWARD MEMORANDUM

Employee:	PARTICIPANT NAME
Date of Grant:	XXXXX
Grant Price:	\$XXXX
Number of Restricted Stock Units (Common Shares) Subject to Award:	SHARES GRANTED
Vesting Date:	December 31, 20XX

Additional terms and conditions of your award are included in the Restricted Stock Unit Award Agreement. As a condition to your receipt of this award, you must log on to E*TRADE's website at www.etrade.com and accept the terms and conditions of this award within 90 calendar days of your Date of Grant. If you do not accept the terms and conditions of this award within such time at www.etrade.com, this award may be forfeited and immediately terminate.

Note: Section 2.1 of the Restricted Stock Unit Award Agreement contains provisions that restrict your activities. These provisions apply to you and, by accepting this award, you agree to be bound by these restrictions.

**CLEVELAND-CLIFFS INC.
2021 EQUITY AND INCENTIVE COMPENSATION PLAN**

Restricted Stock Unit Award Agreement

This Restricted Stock Unit Award Agreement (this "Agreement") is between Cleveland-Cliffs Inc., an Ohio corporation (the "Company"), and you, the person named in the Restricted Stock Unit Award Memorandum (the "Award Memorandum") who is an employee of the Company or a Subsidiary of the Company (the "Participant"). For purposes of this Agreement, "Employer" means the entity (the Company or Subsidiary) that employs the Participant on the applicable date. This Agreement is effective as of the Date of Grant set forth in the Award Memorandum.

The Company wishes to award to the Participant Restricted Stock Units representing the opportunity to earn a number of Common Shares, subject to the terms and conditions set forth in this Agreement, in order to carry out the purpose of the Cleveland-Cliffs Inc. 2021 Equity and Incentive Compensation Plan (the "Plan"). All capitalized terms not defined in this Agreement shall have the same meaning as set forth in the Plan. See Section 2 of the Plan for a list of certain defined terms.

In the event of a conflict between the terms of this Agreement, the Award Memorandum and the terms of the Plan, the terms of the Plan shall govern. In the event of a conflict between the terms of this Agreement and the Award Memorandum, the terms of this Agreement shall govern.

ARTICLE 1.

Grant and Terms of Restricted Stock Units

1.1 Grant of Restricted Stock Units. Pursuant to the Plan, the Company has granted to the Participant the number of Restricted Stock Units as specified in the Award Memorandum, with dividend equivalents ("Restricted Stock Units"), effective as of the Date of Grant.

1.2 Vesting As Condition of Payment. The Restricted Stock Units evidenced by this Agreement and these terms and conditions shall only result in the issuance of Common Shares equal in number to the Restricted Stock Units to the extent the Participant is "Vested" in the Restricted Stock Units on the date the Restricted Stock Units are to be paid as specified in Section 1.4. The Restricted Stock Units will become Vested as follows:

(a) **Employment Through Vesting Period.** The Participant will become 100% Vested in all the Restricted Stock Units subject to this award if the Participant remains in the continuous employ of the Company or a Subsidiary throughout the period beginning on the Date of Grant and ending on the Vesting Date, as set forth in the Award Memorandum ("Vesting Period").

(b) **Death, Disability, Retirement or a Termination Without Cause .** If the Participant experiences a termination of employment with the Company because of the Participant's death, Disability (as defined herein) or Retirement (as defined herein) or a termination of employment by the Company without Cause (as defined herein) during the Vesting Period, the Participant shall become Vested in a prorated number of Restricted Stock Units equal to the product of the number of Restricted Stock Units subject to this award, multiplied by a fraction, the numerator of which is the number of full months the Participant was employed with the Company or a Subsidiary between the Date of Grant and the date of the Participant's termination of employment, and the denominator of which is 36, rounded down to the nearest whole Restricted Stock Unit.

For purposes of this Agreement, "Disability" shall mean a medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months and that results in the Participant: (i) being unable to engage in any substantial gainful activity; or (ii) receiving income replacement benefits for a period of not less than three months

under an accident or health plan covering employees of the Company. For purposes of this Agreement, “Retirement” shall mean the Participant’s retirement from active employment with the Company or Subsidiary upon or after the attainment of at least age 55 and at least a 5-year period of service with the Company and/or Subsidiary.

(c) Change in Control. In the event a Change in Control occurs during the Vesting Period, the Participant will become Vested in the Restricted Stock Units only to the extent provided in Section 1.3.

In the event the Participant otherwise terminates employment prior to becoming Vested in the Restricted Stock Units or the Participant’s employment is terminated by the Company for Cause, the Participant shall forfeit all rights to any Restricted Stock Units evidenced by this Agreement.

1.3 Change in Control Vesting.

(a) If the Participant remains in the continuous employ of the Company or a Subsidiary throughout the period beginning on the Date of Grant and ending on the date of a Change in Control, the Participant will become 100% Vested upon the Change in Control in all the Restricted Stock Units evidenced by this Agreement, except to the extent that an award meeting the requirements of Section 1.3(d) (a “Replacement Award”) is provided to the Participant in accordance with Section 1.3(d) to replace, adjust or continue the award of Restricted Stock Units covered by this Agreement (the “Replaced Award”). If a Replacement Award is provided, references to Restricted Stock Units in this Agreement shall be deemed to refer to the Replacement Award after the Change in Control.

(b) If, upon or after receiving a Replacement Award, the Participant experiences a termination of employment with the Company or a Subsidiary of the Company (or any of their successors) (as applicable, the “Successor”) by reason of the Participant terminating employment for Good Reason or the Successor terminating the Participant’s employment other than for Cause, in each case within a period of two years after the Change in Control and during the Vesting Period, the Participant shall become 100% Vested in the Replacement Award upon such termination.

(c) If a Replacement Award is provided, notwithstanding anything in this Agreement to the contrary, any outstanding Restricted Stock Units that at the time of the Change in Control are not subject to a “substantial risk of forfeiture” (within the meaning of Section 409A of the Code) will be deemed to be Vested at the time of such Change in Control and will be paid as provided for in Section 1.4(c).

(d) For purposes of this Agreement, a “Replacement Award” means an award: (i) of the same type (e.g., time-based restricted stock units) as the Replaced Award; (ii) that has a value at least equal to the value of the Replaced Award; (iii) that relates to publicly traded equity securities of the Company or its successor in the Change in Control or another entity that is affiliated with the Company or its successor following the Change in Control; (iv) if the Participant holding the Replaced Award is subject to U.S. federal income tax under the Code, the tax consequences of which to such Participant under the Code are not less favorable to such Participant than the tax consequences of the Replaced Award; and (v) the other terms and conditions of which are not less favorable to the Participant holding the Replaced Award than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent Change in Control). A Replacement Award may be granted only to the extent it does not result in the Replaced Award or Replacement Award failing to comply with or be exempt from Section 409A of the Code. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the two preceding sentences are satisfied. The determination of whether the conditions of this Section 1.3(d) are satisfied will be made by the Committee, as constituted immediately before the Change in Control, in its sole discretion.

(e) For purposes of this Agreement, a termination for "Cause" shall mean that, prior to termination of employment, the Participant shall have committed: (i) and been convicted of a criminal violation involving fraud, embezzlement or theft in connection with his or her duties or in the course of his or her employment with the Company or any Affiliate (or the Successor, if applicable); (ii) intentional wrongful damage to property of the Company or any Affiliate (or the Successor, if applicable); (iii) intentional wrongful disclosure of secret processes or confidential information of the Company or any Affiliate (or the Successor, if applicable); or (iv) intentional wrongful engagement in any competitive activity; and any such act shall have been demonstrably and materially harmful to the Company or any Affiliate (or the Successor, if applicable). For purposes of this Agreement, no act or failure to act on the part of the Participant shall be deemed "intentional" if it was due primarily to an error in judgment or negligence, but shall be deemed "intentional" only if done or omitted to be done by the Participant not in good faith and without reasonable belief that the Participant's action or omission was in the best interest of the Company or an Affiliate (or the Successor, if applicable).

(f) A termination "for Good Reason" shall mean the Participant's termination of employment with the Successor as a result of the initial occurrence, without the Participant's consent, of one or more of the following events:

(i) a material diminution in the Participant's annual base salary rate as in effect from time to time ("Base Pay");

(ii) a material diminution in the Participant's authority, duties or responsibilities;

(iii) a material change in the geographic location at which the Participant must perform services;

(iv) a reduction in the Participant's opportunity regarding annual bonus, incentive or other payment of compensation, in addition to Base Pay, made or to be made in regard to services rendered in any year or other period pursuant to any bonus, incentive, profit-sharing, performance, discretionary pay or similar agreement, policy, plan, program or arrangement (whether or not funded) of the Successor; and

(v) any other action or inaction that constitutes a material breach by the Participant's employer of the employment agreement, if any, under which the Participant provides services.

Notwithstanding the foregoing, "Good Reason" shall not be deemed to exist unless: (A) the Participant has provided notice to his or her employer of the existence of one or more of the conditions listed in (i) through (v) above within 90 days after the initial occurrence of such condition or conditions; and (B) such condition or conditions have not been cured by the Participant's employer within 30 days after receipt of such notice.

1.4 Payment of Restricted Stock Units.

(a) Payment After the Vesting Period. Subject to Sections 1.4(b) and (c), the Restricted Stock Units that are Vested as of the Vesting Date shall be paid after the end of the Vesting Period, but in any event no later than 2-½ months after the end of the Vesting Period to the extent they have not been previously paid to the Participant.

(b) Payment After Death, Disability, Retirement or a Termination Without Cause. Notwithstanding Section 1.4(a), if the Participant experiences a termination of employment with the Company because of the Participant's death, Disability or Retirement or termination of employment by the Company without Cause or by the Participant for Good Reason during the Vesting Period, the Vested

Restricted Stock Units will be paid within 30 days following the date of such termination. Any payment of Restricted Stock Units to a deceased Participant shall be paid to the estate of the Participant, unless the Participant files a completed Designation of Death Beneficiary with the Company in accordance with its procedures.

(c) Change in Control. Notwithstanding Section 1.4(a) and Section 1.4(b), to the extent any Restricted Stock Units are Vested as of a Change in Control, such Vested Restricted Stock Units will be paid within 10 days of the Change in Control; provided, however, that if such Change in Control would not qualify as a permissible date of distribution under Section 409A(a)(2)(A) of the Code, and the regulations thereunder, and where Section 409A of the Code applies to such distribution, payment will be made on the date that would have otherwise applied pursuant to this Section 1.4.

(d) Payment Following a Change in Control. Notwithstanding Section 1.2 and Section 1.4(a), if, during the two-year period following a Change in Control, the Participant experiences a qualifying termination of employment (as described in Section 1.3(b)), the Restricted Stock Units that are Vested as of the date of such termination of employment shall be paid within 30 days of such termination of employment to the extent they have not been previously paid to the Participant; provided, however, that if such Change in Control would not qualify as a permissible date of distribution under Section 409A(a)(2)(A) of the Code, and the regulations thereunder, and where Section 409A of the Code applies to such distribution, payment will be made on the date that would have otherwise applied pursuant to this Section 1.4.

(e) General. The Restricted Stock Units are to be settled in Common Shares. The Committee shall withhold Common Shares to the extent necessary to satisfy income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related item withholding requirements, as described in Section 4.3. In addition, the Committee may restrict 50% of the Common Shares to be issued in satisfaction of the total Restricted Stock Units, before income tax withholding, so that they cannot be sold by the Participant unless immediately after such sale the Participant is in compliance with the Company's share ownership guidelines that are applicable to the Participant at the time of sale.

(f) Payment Obligation. Prior to payment, the Company shall only have an unfunded and unsecured obligation to make payment of Restricted Stock Units to the Participant. The Restricted Stock Units evidenced by this Agreement that have not yet been earned, and any interests of the Participant with respect thereto, are not transferable other than pursuant to the laws of descent and distribution, or in accordance with Section 1.4(b).

(g) No Shareholder Rights. The Participant shall have no rights of ownership in the Common Shares underlying the Restricted Stock Units and no right to vote the Common Shares underlying the Restricted Stock Units until the date on which the Common Shares underlying the Restricted Stock Units are issued or transferred to the Participant pursuant to this Section 1.4.

ARTICLE 2.

Other Terms and Conditions

2.1 Non-Compete and Confidentiality

(a) The Participant shall not render services for any organization or engage directly or indirectly in any business that is a competitor of the Company or any Affiliate of the Company, or which organization or business is or plans to become prejudicial to or in conflict with the business interests of the Company or any Affiliate of the Company or distribute any secret or confidential information belonging to the Company or any Affiliate of the Company.

(b) Failure to comply with Section 2.1(a) above will cause the Participant to forfeit the right to Restricted Stock Units and require the Participant to reimburse the Company for the taxable income received on Restricted Stock Units that have been paid out in Common Shares within the 90-day period preceding the Participant's termination of employment.

ARTICLE 3.
Acknowledgments

3.1 Acknowledgments. In accepting the award, the Participant acknowledges, understands and agrees to the following:

- (a) The Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- (b) The grant of the Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past;
- (c) All decisions with respect to future Restricted Stock Units or other grants, if any, will be at the sole discretion of the Company;
- (d) The Participant's participation in the Plan is voluntary;
- (e) The Restricted Stock Unit Award and the Participant's participation in the Plan shall not create a right to employment or be interpreted as forming an employment or services contract with the Company or any Subsidiary and shall not interfere with the ability of the Company, or any Subsidiary, as applicable, to terminate the Participant's employment or service relationship (if any);
- (f) The future value of the underlying Common Shares is unknown, indeterminable and cannot be predicted with certainty;
- (g) No claim or entitlement to compensation or damages shall arise from forfeiture of any Restricted Stock Units resulting from the Participant ceasing to provide employment or other services to the Company or a Subsidiary (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any), and in consideration of the grant of the Restricted Stock Units to which the Participant is otherwise not entitled, the Participant irrevocably agrees never to institute any claim against the Company or any of its Subsidiaries, and the Participant waives his or her ability, if any, to bring any such claim, and releases the Company and its Subsidiaries from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;
- (h) Neither the Plan nor the Restricted Stock Units shall be construed to create an employment relationship where any employment relationship did not otherwise already exist;

- (i) The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Common Shares. The Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Restricted Stock Units;
- (j) The Restricted Stock Units and the Common Shares subject to the Restricted Stock Units, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments; and
- (k) The Company reserves the right to impose other requirements on participation in the Restricted Stock Units and on any Common Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or other applicable rules or facilitate the administration of the Plan, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

ARTICLE 4.
General Provisions

4.1 Compliance with Law. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of the Agreement and these terms and conditions, the Company shall not be obligated to issue any Common Shares pursuant to the Agreement and these terms and conditions if the issuance or payment thereof would result in a violation of any such law; provided further, however, that the Common Shares will be issued at the earliest date at which the Company reasonably anticipates that the issuance of the Common Shares will not cause such violation. Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement prevents the Participant from providing, without prior notice to the Company, information to governmental authorities regarding possible legal violations or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations, and for purpose of clarity the Participant is not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act.

4.2 Dividend Equivalents. During the period beginning on the Date of Grant and ending on the date that the Restricted Stock Units are paid in accordance with Section 1.4, the Participant will be entitled to dividend equivalents on Restricted Stock Units equal to the cash dividend or distribution that would have been paid on the Restricted Stock Units had the Restricted Stock Units been issued and outstanding Common Shares on the record date for the dividend or distribution. Such accrued dividend equivalents (a) will vest and become payable upon the same terms and at the same time of settlement as the Restricted Stock Units to which they relate, and (b) will be denominated and payable solely in cash.

4.3 Withholding Taxes. To the extent that the Company is required to withhold federal, state, local or foreign taxes or other amounts in connection with any payment made or benefit realized by the Participant under this Agreement, the Company shall withhold Common Shares having a value equal to the amount required to be withheld. The Common Shares used for tax or other withholding will be valued at an amount equal to the fair market value of such Common Shares on the date the benefit is to be included in the Participant's income. In no event will the fair market value of the Common Shares to be withheld and delivered pursuant to this Section exceed the maximum amount of taxes that could be required to be withheld.

4.4 Continuous Employment. For purposes of this Agreement, the continuous employment of the Participant with the Company shall not be deemed to have been interrupted, and the Participant shall not be deemed to have separated from service with the Company, by reason of the transfer of his employment among the Company or Subsidiaries or an approved leave of absence, unless otherwise indicated in the Plan or if required to comply with Section 409A of the Code.

4.5 Relation to Other Benefits. Any economic or other benefit to the Participant under the Agreement and these terms and conditions or the Plan shall not be taken into account in determining any benefits to which the Participant may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or Subsidiary.

4.6 Adjustments. Restricted Stock Units evidenced by this Agreement are subject to mandatory adjustment as provided in Section 11 of the Plan.

4.7 These Terms and Conditions Subject to Plan. The Restricted Stock Units covered under the Agreement and all of the terms and conditions hereof are subject to all of the terms and conditions of the Plan, a copy of which is available upon request.

4.8 Transferability. Except as otherwise provided in the Plan, the Restricted Stock Units are non-transferable and any attempts to assign, pledge, hypothecate or otherwise alienate or encumber (whether by law or otherwise) any Restricted Stock Units shall be null and void.

4.9 Data Privacy. The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data as described in this Agreement and any other Restricted Stock Unit award materials by and among, as applicable, the Company or Subsidiaries for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.

The Participant understands that the Company or Subsidiary may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social security number or other identification number, salary, nationality, job title, any Common Shares of or directorships in the Company that are held, details of all Restricted Stock Units or any other entitlement to Common Shares awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data").

The Participant understands that Data will be transferred to the Company's broker, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. The Participant understands that the recipients' use of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. The Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Participant authorizes the Company, the Company's broker and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Participants' participation in the Plan. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands if he or she resides outside the United States, he or she may, at any time, view their respective Data, request additional information about the storage and processing of their Data, require any necessary amendments to their Data or refuse or

withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, the Participant understands that he or she is providing the consents herein on a purely voluntary basis. If the Participant does not consent, or if the Participant later seeks to revoke his or her consent, his or her employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing the Participant's consent is that the Company would not be able to grant Restricted Stock Units or other equity awards or administer or maintain such awards. Therefore, the Participant understands that refusing or withdrawing his or her consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that he or she may contact his or her local human resources representative.

4.10 Amendments. This Agreement can be amended at any time by the Committee. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto. Except for amendments necessary to bring this Agreement into compliance with current law including Section 409A of the Code, no amendment to this Agreement shall materially and adversely affect the rights of the Participant without the Participant's written consent.

4.11 Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be invalid or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

4.12 Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Restricted Stock Units by electronic means. By accepting this award of Restricted Stock Units, the Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

4.13 Headings. Headings are given to the articles or sections of this Agreement solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Agreement or any provision hereof.

4.14 Governing Law. This Agreement is governed by and construed in accordance with the internal substantive laws of the State of Ohio.

4.15 Section 409A of the Code. To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code. This Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause the Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force and effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of the Participant). The terms "termination of employment," "terminates employment," and similar words and phrases used in this Agreement mean a "separation from service" within the meaning of Treasury Regulation section 1.409A-1(h). If, at the time of the Participant's separation from service (within the meaning of Section 409A of the Code), (a) the Participant will be a specified employee (within the meaning of Section 409A of the Code and using the identification methodology selected by the Company from time to time) and (b) the Company makes a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A of the Code) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A of the Code in order to avoid taxes or penalties under Section 409A of the Code, then the Company will not pay such amount on the otherwise scheduled payment date but will instead pay it, without interest, on the fifth business day of the seventh month after such separation from service.

[Acceptance Page Contained in Exhibit A]

Exhibit A

ELECTRONIC ACCEPTANCE

Acceptance by the Participant

By selecting the "Accept" box on the website of the Company's administrative agent, the Participant acknowledges acceptance of, and consents to be bound by, the Plan and this Agreement and any other rules, agreements or other terms and conditions incorporated herein by reference.

IF I FAIL TO ACKNOWLEDGE ACCEPTANCE OF THE AWARD WITHIN NINETY (90) DAYS OF THE DATE OF GRANT SET FORTH IN THE AGREEMENT, THE COMPANY MAY DETERMINE THAT THIS AWARD HAS BEEN FORFEITED.

Participant Name

CLEVELAND-CLIFFS INC.
2021 EQUITY AND INCENTIVE COMPENSATION PLAN
PERFORMANCE SHARE AWARD MEMORANDUM (TSR)

Employee:	PARTICIPANT NAME
Date of Grant:	XXXXX
Number of Shares Subject to Award:	SHARES GRANTED
Performance Metric:	Relative Total Shareholder Return
Incentive Period:	XXXXX – XXXXX

Additional terms and conditions of your award are included in the Performance Share Award Agreement. As a condition to your receipt of Shares, you must log on to E*TRADE's website at www.etrade.com and accept the terms and conditions of this award within 90 calendar days of your Date of Grant. If you do not accept the terms and conditions of this award within such time at www.etrade.com, this award may be forfeited and immediately terminate.

Note: Section 3.1 of the Performance Share Award Agreement contains provisions that restrict your activities. These provisions apply to you and, by accepting this award, you agree to be bound by these restrictions.

**CLEVELAND-CLIFFS INC.
2021 EQUITY AND INCENTIVE COMPENSATION PLAN**

Performance Share Award Agreement

This Performance Share Award Agreement (this "Agreement") is between Cleveland-Cliffs Inc., an Ohio corporation (the "Company"), and you, the person named in the Performance Share Award Memorandum (the "Award Memorandum") who is an employee of the Company or a Subsidiary of the Company (the "Participant"). For purposes of this Agreement, "Employer" means the entity (the Company or Subsidiary) that employs the Participant on the applicable date. This Agreement is effective as of the Date of Grant set forth in the Award Memorandum.

The Company wishes to award to the Participant Performance Shares representing the opportunity to earn a number of Common Shares (the "Shares"), subject to the terms and conditions set forth in this Agreement, in order to carry out the purpose of the Cleveland-Cliffs Inc. 2021 Equity and Incentive Compensation Plan (the "Plan"). All capitalized terms not defined in this Agreement shall have the same meaning as set forth in the Plan. See Section 2 of the Plan for a list of certain defined terms.

In the event of a conflict between the terms of this Agreement, the Award Memorandum and the terms of the Plan, the terms of the Plan shall govern. In the event of a conflict between the terms of this Agreement and the Award Memorandum, the terms of this Agreement shall govern.

**ARTICLE 1.
Definitions**

All terms used herein with initial capital letters shall have the meanings assigned to them in the Plan and the following additional terms, when used herein with initial capital letters, shall have the following meanings:

1.1 "Incentive Period" shall be the time period as set forth in the Award Memorandum.

1.2 "Market Value Price" shall mean the latest available closing price of a Share of the Company or the latest available closing price per share of a common share of each of the entities in the Peer Group, as the case may be, on the New York Stock Exchange or other recognized market if the shares do not trade on the New York Stock Exchange at the relevant time.

1.3 "Peer Group" shall mean the group of companies, as more particularly set forth on attached Exhibit A, against which the Relative Total Shareholder Return of the Company is measured over the Incentive Period.

1.4 "Performance Objective(s)" shall mean, for the Incentive Period, the predetermined objectives of the Company with respect to the Relative Total Shareholder Return goal established by the Committee and reported to the Board for this award, as more particularly set forth on attached Exhibit B.

1.5 "Performance Shares Earned" shall mean the number of Shares of the Company (or cash equivalent) earned by a Participant, as determined under Section 2.3.

1.6 "Relative Total Shareholder Return" shall mean for the Incentive Period the Total Shareholder Return of the Company compared to the Total Shareholder Return of the Peer Group, as more particularly set forth on attached Exhibit C.

1.7 “Share Ownership Guidelines” shall mean the Company’s share ownership guidelines, as amended from time to time, which encourage such Directors and Officers to hold a meaningful stake in the Company.

1.8 “Total Shareholder Return” or “TSR” shall mean, for the Incentive Period, the cumulative return to shareholders of the relevant entity during the Incentive Period, measured by the change in Market Value Price per share of a common share of the entity, plus dividends (or other distributions, excluding franking credits) reinvested over the Incentive Period, determined on the last business day of the Incentive Period compared to a base measured by the average Market Value Price per share of a common share of the entity on the last business day of the year immediately preceding the Incentive Period. Dividends (or other distributions, excluding franking credits) per share are assumed to be reinvested in the applicable stock on the last business day of the quarter during which they are paid at the then Market Value Price per share, resulting in a fractionally higher number of shares owned at the market price.

ARTICLE 2.

Grant and Terms of Performance Shares

2.1 **Grant of Performance Shares.** Pursuant to the Plan, the Company has granted to the Participant an award covering the number of Performance Shares as specified in the Award Memorandum, with dividend equivalents (“Performance Shares”), effective as of the Date of Grant.

2.2 **Issuance of Performance Shares.** The Performance Shares covered by this Agreement and these terms and conditions shall only result in the issuance of Shares (or cash or a combination of Shares and cash, as decided by the Committee in its sole discretion), to the extent such Performance Shares have become Performance Shares Earned, as provided in Section 2.3, on the date the Performance Shares Earned are to be paid as specified in Section 2.5.

2.3 Performance Shares Earned.

(a) **Achievement of Company Performance Objective(s).** Subject to Sections 2.3(b), and 2.3(c), the number of Performance Shares Earned, if any, shall be based upon the degree of achievement of the Company Performance Objective(s), all as more particularly set forth in Exhibit B, with actual Performance Shares Earned interpolated between the performance levels shown on Exhibit B, as determined and certified by the Committee as of the end of the Incentive Period. The percentage level of achievement determined for the Company Performance Objective(s) shall be multiplied by the number of Performance Shares to determine the actual number of Performance Shares Earned, rounded down to the nearest whole Performance Share. The calculation as to whether the Company has met or exceeded the Company Performance Objective(s) shall be determined and certified by the Committee in accordance with the award and these terms and conditions. Subject to the terms of the Plan, except as provided in Sections 2.3(b) and 2.3(c), no Performance Shares will become Performance Shares Earned unless the Participant remains in the continuous employment of the Company or a Subsidiary during the entire Incentive Period.

(b) **Death, Disability, Retirement or a Termination Without Cause .** If the Participant experiences a termination of employment with the Company because of the Participant’s death, Disability (as defined herein) or Retirement (as defined herein) or a termination of employment by the Company without Cause (as defined herein) during the Incentive Period, the number of the Participant’s Performance Shares that become Performance Shares Earned will be a prorated amount equal to the product of the amount determined after the end of the Incentive Period under Section 2.3(a) (without regard to the requirement that employment continue until the end of the Incentive Period), multiplied by a fraction, the numerator of which is the number of full months the Participant was employed with the Company or a Subsidiary between the start of the Incentive Period and the date of the Participant’s termination of employment and the denominator of which is 36, rounded down to the nearest whole Performance Share.

For purposes of this Agreement, "Disability" shall mean a medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months and that results in the Participant: (i) being unable to engage in any substantial gainful activity; or (ii) receiving income replacement benefits for a period of not less than three months under an accident or health plan covering employees of the Company. For purposes of this Agreement, "Retirement" shall mean the Participant's retirement from active employment with the Company or Subsidiary upon or after the attainment of age 55 and at least a 5-year period of service with the Company and/or Subsidiary.

(c) Change in Control. In the event a Change in Control occurs during the Incentive Period, the Participant's Performance Shares will become Performance Shares Earned only to the extent provided in Section 2.4.

In the event the Participant otherwise terminates employment prior to becoming entitled to Performance Shares Earned or the Participant's employment is terminated by the Company for Cause, the Participant shall forfeit all rights to any Performance Shares that were granted under this Agreement.

2.4 Change in Control Vesting

(a) If the Participant remains in the continuous employ of the Company or Subsidiary throughout the period beginning on the Date of Grant and ending on the date of a Change in Control, upon the Change in Control, 100% of the Performance Shares shall become Performance Shares Earned, except to the extent that an award meeting the requirements of Section 2.4(d)(i) (a "Replacement Award") is provided to the Participant in accordance with Section 2.4(d)(i) to replace, adjust, or continue the award of Performance Shares covered by this Agreement (the "Replaced Award"). If a Replacement Award is provided, references to Performance Shares in this Agreement shall be deemed to refer to the Replacement Award after the Change in Control.

(b) If, upon or after receiving a Replacement Award, the Participant experiences a termination of employment with the Company or a Subsidiary of the Company (or any of their successors) (as applicable, the "Successor") by reason of the Participant terminating employment for Good Reason or the Successor terminating the Participant's employment other than for Cause, in each case within a period of two years after the Change in Control and during the Incentive Period, 100% of the Replacement Award will become earned and nonforfeitable upon such termination.

(c) If a Replacement Award is provided, notwithstanding anything in this Agreement to the contrary, any outstanding Performance Shares that at the time of the Change in Control are not subject to a "substantial risk of forfeiture" (within the meaning of Section 409A of the Code) will be deemed to be Performance Shares Earned at the time of such Change in Control and will be paid as provided for in Section 2.5(b).

(d) For purposes of this Agreement, the following terms have the following meanings:

(i) A "Replacement Award" means an award (A) of the same type (e.g., performance shares) as the Replaced Award, (B) that has a value at least equal to the value of the Replaced Award, (C) that relates to publicly traded equity securities of the Company or its successor in the Change in Control or another entity that is affiliated with the Company or its successor following the Change in Control, (D) if the Participant holding the Replaced Award is subject to U.S. federal income tax under the Code, the tax consequences of which to such Participant under the Code are not less favorable to such Participant than the tax consequences of the Replaced Award, and (E) the other terms and conditions of which are not less favorable to the Participant holding the Replaced Award than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent Change in Control). A Replacement Award may be granted only to the extent it does not result in the Replaced Award or Replacement Award failing to comply with or be exempt from Section

409A of the Code. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the two preceding sentences are satisfied. The determination of whether the conditions of this Section 2.4(d) are satisfied will be made by the Committee, as constituted immediately before the Change in Control, in its sole discretion.

(ii) A termination for "Cause" shall mean that, prior to termination of employment, the Participant shall have committed: (A) and been convicted of a criminal violation involving fraud, embezzlement or theft in connection with his or her duties or in the course of his or her employment with the Company or any Affiliate (or the Successor, if applicable); (B) intentional wrongful damage to property of the Company or any Affiliate (or the Successor, if applicable); (C) intentional wrongful disclosure of secret processes or confidential information of the Company or any Affiliate (or the Successor, if applicable); or (D) intentional wrongful engagement in any competitive activity; and any such act shall have been demonstrably and materially harmful to the Company or any Affiliate (or the Successor, if applicable). For purposes of this Agreement, no act or failure to act on the part of the Participant shall be deemed "intentional" if it was due primarily to an error in judgment or negligence, but shall be deemed "intentional" only if done or omitted to be done by the Participant not in good faith and without reasonable belief that the Participant's action or omission was in the best interest of the Company or an Affiliate (or the Successor, if applicable).

(iii) A termination "for Good Reason" shall mean the Participant's termination of employment with the Successor as a result of the initial occurrence, without the Participant's consent, of one or more of the following events:

(A) a material diminution in the Participant's annual base salary rate as in effect from time to time ("Base Pay");

(B) a material diminution in the Participant's authority, duties or responsibilities;

(C) a material change in the geographic location at which the Participant must perform services;

(D) a reduction in the Participant's opportunity regarding annual bonus, incentive or other payment of compensation, in addition to Base Pay, made or to be made in regard to services rendered in any year or other period pursuant to any bonus, incentive, profit-sharing, performance, discretionary pay or similar agreement, policy, plan, program or arrangement (whether or not funded) of the Successor; and

(E) any other action or inaction that constitutes a material breach by the Participant's employer of the employment agreement, if any, under which the Participant provides services.

Notwithstanding the foregoing, "Good Reason" shall not be deemed to exist unless: (I) the Participant has provided notice to his or her employer of the existence of one or more of the conditions listed in (A) through (E) above within 90 days after the initial occurrence of such condition or conditions; and (II) such condition or conditions have not been cured by the Participant's employer within 30 days after receipt of such notice.

2.5 Payment of Performance Shares Earned.

(a) Payment After the Incentive Period. Subject to Sections 2.5(b) and (c), the Performance Shares Earned shall be paid after the end of the Incentive Period and after the determination and certification by the Committee of the level of attainment of the Company Performance

Objective(s), but in any event no later than 2-½ months after the end of the Incentive Period, to the extent not previously paid to the Participant.

(b) Change in Control. Notwithstanding Section 2.5(a), to the extent there are any Performance Shares Earned as of a Change in Control, such Performance Shares Earned will be paid within 10 days of the Change in Control; provided, however, that if such Change in Control would not qualify as a permissible date of distribution under Section 409A(a)(2)(A) of the Code, and the regulations thereunder, and where Section 409A of the Code applies to such distribution, payment will be made on the date that would have otherwise applied pursuant to this Section 2.5.

(c) Payment Following a Change in Control. Notwithstanding Sections 2.2 and 2.5(a), if, during the two-year period following a Change in Control, the Participant experiences a qualifying termination of employment (as described in Section 2.4(b)), the Performance Shares Earned as of the date of such termination of employment shall be paid in cash (pursuant to Section 2.5(d)) within 10 days of the termination of employment to the extent they have not been previously paid to the Participant; provided, however, that if such Change in Control would not qualify as a permissible date of distribution under Section 409A(a)(2)(A) of the Code, and the regulations thereunder, and where Section 409A of the Code applies to such distribution, payment will be made on the date that would have otherwise applied pursuant to Section 2.5(a).

(d) General. The Committee, in its sole discretion, may settle the Performance Shares Earned in cash or a combination of Shares and cash, in lieu of issuing only Shares. In the event that all or any portion of the Performance Shares Earned are paid in cash, the cash equivalent of one Performance Share Earned shall be equal to the Fair Market Value of one Share on the last trading day of the Incentive Period or, if earlier, the trading day immediately prior to the payment date. Notwithstanding the foregoing, no Performance Shares granted hereunder may be paid in cash in lieu of Shares to any Participant who is subject to the Share Ownership Guidelines unless and until such Participant is either in compliance with, or no longer subject to, such Share Ownership Guidelines; provided, however, that the Committee shall withhold Shares to the extent necessary to satisfy income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related item withholding requirements, as described in Section 5.3. In addition, the Committee may restrict 50% of the Shares to be issued in satisfaction of the total Performance Shares Earned, before income tax withholding, so that they cannot be sold by the Participant unless immediately after such sale the Participant is in compliance with the Share Ownership Guidelines that are applicable to the Participant at the time of sale.

(e) Payments After Death. Any payment of Performance Shares Earned to a deceased Participant shall be paid to the estate of the Participant, unless the Participant files a completed Designation of Death Beneficiary with the Company in accordance with its procedures.

(f) Payment Obligation. Prior to payment, the Company shall only have an unfunded and unsecured obligation to make payment of Performance Shares Earned to the Participant. The Performance Shares covered by this Agreement that have not yet been earned as Performance Shares Earned, and any interests of the Participant with respect thereto, are not transferable other than pursuant to the laws of descent and distribution, or in accordance with Section 2.5(e).

ARTICLE 3. **Other Terms and Conditions**

3.1 Non-Compete and Confidentiality

(a) The Participant shall not render services for any organization or engage directly or indirectly in any business that is a competitor of the Company or any Affiliate of the Company, or which organization or business is or plans to become prejudicial to or in conflict with the business interests of

the Company or any Affiliate of the Company or distribute any secret or confidential information belonging to the Company or any Affiliate of the Company.

(b) Failure to comply with Section 3.1(a) above will cause the Participant to forfeit the right to Performance Shares and require the Participant to reimburse the Company for the taxable income received on Performance Shares that become payable to the Participant.

ARTICLE 4.
Acknowledgments

4.1 Acknowledgments. In accepting the award, the Participant acknowledges, understands and agrees to the following:

- (a) The Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- (b) The grant of the Performance Shares is voluntary and occasional and does not create any contractual or other right to receive future grants of Performance Shares, or benefits in lieu of Performance Shares, even if Performance Shares have been granted in the past;
- (c) All decisions with respect to future Performance Shares or other grants, if any, will be at the sole discretion of the Company;
- (d) The Participant's participation in the Plan is voluntary;
- (e) The Performance Share award and the Participant's participation in the Plan shall not create a right to employment or be interpreted as forming an employment or services contract with the Company or any Subsidiary and shall not interfere with the ability of the Company, or any Subsidiary, as applicable, to terminate the Participant's employment or service relationship (if any);
- (f) The future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- (g) No claim or entitlement to compensation or damages shall arise from forfeiture of any Performance Shares resulting from the Participant ceasing to provide employment or other services to the Company or a Subsidiary (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any), and in consideration of the grant of the Performance Shares to which the Participant is otherwise not entitled, the Participant irrevocably agrees never to institute any claim against the Company or any of its Subsidiaries, and the Participant waives his or her ability, if any, to bring any such claim, and releases the Company and its Subsidiaries from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

- (h) Neither the Plan nor the Performance Shares shall be construed to create an employment relationship where any employment relationship did not otherwise already exist;
- (i) The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Shares. The Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Performance Shares;
- (j) The Performance Shares and the Shares subject to the Performance Shares, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
- (k) The Company reserves the right to impose other requirements on participation in the Performance Shares and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or other applicable rules or facilitate the administration of the Plan, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing; and
- (l) Notwithstanding anything in this Agreement to the contrary, the Participant acknowledges and agrees that this Performance Share Award, this Agreement and any related benefits or compensation under this Agreement are subject to the terms and conditions of the Company's clawback policy (if any) as may be in effect from time to time specifically to implement Section 10D of the Exchange Act and any applicable rules or regulations promulgated thereunder (including applicable rules and regulations of any national securities exchange on which the Common Shares may be traded) (the "Compensation Recovery Policy"), and that applicable provisions of this Agreement shall be deemed superseded by and subject to the terms and conditions of the Compensation Recovery Policy from and after the effective date thereof.

ARTICLE 5.
General Provisions

5.1 Compliance with Law. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of the Agreement and these terms and conditions, the Company shall not be obligated to issue any Shares pursuant to the Agreement and these terms and conditions if the issuance or payment thereof would result in a violation of any such law; provided further, however, that the Shares will be issued at the earliest date at which the Company reasonably anticipates that the issuance of the Shares will not cause such violation. Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement prevents the Participant from providing, without prior notice to the Company, information to governmental authorities regarding possible legal violations or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations, and for purpose of clarity the Participant is not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act.

5.2 Dividend Equivalents. During the period beginning on the Date of Grant and ending on the date that Performance Shares are paid in accordance with Section 2.5, the Participant will be entitled

to dividend equivalents on Performance Shares Earned equal to the cash dividend or distribution that would have been paid on the Performance Shares Earned had the Performance Shares Earned been issued and outstanding Shares on the record date for the dividend or distribution. Such accrued dividend equivalents (a) will vest and become payable upon the same terms and at the same time of settlement as the Performance Shares to which they relate, and (b) will be denominated and payable solely in cash.

5.3 Withholding Taxes. To the extent that the Company is required to withhold federal, state, local or foreign taxes or other amounts in connection with any payment made or benefit realized by the Participant under this Agreement, the Company shall withhold Shares having a value equal to the amount required to be withheld. The Common Shares used for tax or other withholding will be valued at an amount equal to the fair market value of such Common Shares on the date the benefit is to be included in the Participant's income. In no event will the fair market value of the Common Shares to be withheld and delivered pursuant to this Section exceed the maximum amount of taxes that could be required to be withheld.

5.4 Continuous Employment. For purposes of this Agreement, the continuous employment of the Participant with the Company shall not be deemed to have been interrupted, and the Participant shall not be deemed to have separated from service with the Company, by reason of the transfer of his employment among the Company or Subsidiaries or an approved leave of absence, unless otherwise indicated in the Plan or if required to comply with Section 409A of the Code.

5.5 Relation to Other Benefits. Any economic or other benefit to the Participant under the Agreement and these terms and conditions or the Plan shall not be taken into account in determining any benefits to which the Participant may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or Subsidiary.

5.6 Adjustments. The Performance Shares evidenced by this Agreement are subject to mandatory adjustment as provided in Section 11 of the Plan.

5.7 These Terms and Conditions Subject to Plan. The Performance Shares covered under the Agreement and all of the terms and conditions hereof are subject to all of the terms and conditions of the Plan, a copy of which is available upon request.

5.8 Transferability. Except as otherwise provided in the Plan, the Performance Shares are non-transferable and any attempts to assign, pledge, hypothecate or otherwise alienate or encumber (whether by law or otherwise) any Performance Shares shall be null and void.

5.9 Data Privacy. The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data as described in this Agreement and any other Performance Share award materials by and among, as applicable, the Company or Subsidiaries for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.

The Participant understands that the Company or Subsidiary may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social security number or other identification number, salary, nationality, job title, any Shares of or directorships in the Company that are held, details of all Performance Shares or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data").

The Participant understands that Data will be transferred to the Company's broker, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. The Participant understands that the recipients' use of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. The Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Participant authorizes the Company, the Company's broker and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Participants' participation in the Plan. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands if he or she resides outside the United States, he or she may, at any time, view their respective Data, request additional information about the storage and processing of their Data, require any necessary amendments to their Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, the Participant understands that he or she is providing the consents herein on a purely voluntary basis. If the Participant does not consent, or if the Participant later seeks to revoke his or her consent, his or her employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing the Participant's consent is that the Company would not be able to grant Performance Shares or other equity awards or administer or maintain such awards. Therefore, the Participant understands that refusing or withdrawing his or her consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that he or she may contact his or her local human resources representative.

5.10 Amendments. This Agreement can be amended at any time by the Committee. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto. Except for amendments necessary to bring this Agreement into compliance with current law including Section 409A of the Code, no amendment to this Agreement shall materially and adversely affect the rights of the Participant without the Participant's written consent.

5.11 Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be invalid or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

5.12 Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Performance Shares by electronic means. By accepting this Award of Performance Shares, the Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

5.13 Headings. Headings are given to the articles or sections of this Agreement solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Agreement or any provision hereof.

5.14 Governing Law. This Agreement is governed by, and construed in accordance with the internal substantive laws of the State of Ohio.

5.15 Section 409A of the Code. To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code. This Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause the Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force and effect until

amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of the Participant). The terms "termination of employment," "terminates employment," and similar words and phrases used in this Agreement mean a "separation from service" within the meaning of Treasury Regulation section 1.409A-1(h). If, at the time of the Participant's separation from service (within the meaning of Section 409A of the Code), (a) the Participant will be a specified employee (within the meaning of Section 409A of the Code and using the identification methodology selected by the Company from time to time) and (b) the Company makes a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A of the Code) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A of the Code in order to avoid taxes or penalties under Section 409A of the Code, then the Company will not pay such amount on the otherwise scheduled payment date but will instead pay it, without interest, on the fifth business day of the seventh month after such separation from service.

[Acceptance Page Contained in Exhibit D]

EXHIBITS

Exhibit A	Peer Group
Exhibit B	Performance Objectives
Exhibit C	Relative Total Shareholder Return
Exhibit D	Electronic Acceptance

Exhibit A

PEER GROUP
(20XX – 20XX)

The Peer Group will be the constituents as defined by the SPDR S&P Metals and Mining ETF Index on the first day of trading of the Incentive Period.

The value of the stock of a Peer Group company will be determined in accordance with the following:

1. If the stock is listed on an exchange in the U.S. or Canada, then the value on such exchange will be used;
2. Otherwise, if the stock is traded in the U.S. as an American Depositary Receipt (“ADR”), then the value of the ADR will be used; or
3. Otherwise, the value on the exchange in the country where the company is headquartered will be used.

Exhibit B

PERFORMANCE OBJECTIVES (RELATIVE TSR)
(20XX – 20XX)

The Performance Objective of the Company is based on Relative Total Shareholder Return (share price plus reinvested dividends) over the three-year Incentive Period from January 1, 20XX to December 31, 20XX. Achievement of the Relative Total Shareholder Return objective shall be determined by the Total Shareholder Return of the Company relative to that of the Peer Group, interpolating where necessary. Achievement shall be determined against the scale set forth in the table below:

Performance Factor	Below Threshold	Threshold	Performance Level Target	Maximum
Relative TSR	less than 25 th percentile	25 th percentile	50 th percentile	75 th or greater percentile
Payout For Relative TSR	0%	50%	100%	200%

Exhibit C

RELATIVE TOTAL SHAREHOLDER RETURN
(20XX – 20XX)

Relative Total Shareholder Return for the Incentive Period is calculated as follows:

1. The Total Shareholder Return as defined in Section 1.8 of these terms and conditions for the Incentive Period for the Company shall be compared to the Total Shareholder Return for each of the entities within the Peer Group for the Incentive Period. The results shall be ranked to determine the Company's Relative Total Shareholder Return percentile ranking compared to the Peer Group.
2. The Company's Relative Total Shareholder Return for the Incentive Period shall be compared to the Relative Total Shareholder Return performance target range established for the Incentive Period.
3. The Relative Total Shareholder Return performance target range has been established for the 20XX - 20XX Incentive Period as follows:

<u>Relative Total Shareholder Return Performance Level</u>	<u>20XX - 20XX Percentile Ranking</u>
Maximum	75th Percentile
Target	50th Percentile
Threshold	25th Percentile

Exhibit D

ELECTRONIC ACCEPTANCE

Acceptance by the Participant

By selecting the "Accept" box on the website of the Company's administrative agent, the Participant acknowledges acceptance of, and consents to be bound by, the Plan and this Agreement and any other rules, agreements or other terms and conditions incorporated herein by reference.

IF I FAIL TO ACKNOWLEDGE ACCEPTANCE OF THE AWARD WITHIN NINETY (90) DAYS OF THE DATE OF GRANT SET FORTH IN THE AGREEMENT, THE COMPANY MAY DETERMINE THAT THIS AWARD HAS BEEN FORFEITED.

Participant Name

CLEVELAND-CLIFFS INC.
2021 EQUITY AND INCENTIVE COMPENSATION PLAN

CASH INCENTIVE AWARD MEMORANDUM (TSR)

Employee:	PARTICIPANT NAME
Date of Grant:	XXXX
Target Amount of Cash Subject to Award:	\$ Cash Granted
Performance Metric:	Relative Total Shareholder Return
Incentive Period:	January 1, 20XX – December 31, 20XX

Additional terms and conditions of your award are included in the Cash Incentive Award Agreement. As a condition to your receipt of this award, you must log on to E*TRADE's website at www.etrade.com and accept the terms and conditions of this award within 90 calendar days of your Date of Grant. If you do not accept the terms and conditions of this award within such time at www.etrade.com, this award may be forfeited and immediately terminate.

Note: Section 3.1 of the Cash Incentive Award Agreement contains provisions that restrict your activities. These provisions apply to you and, by accepting this award, you agree to be bound by these restrictions.

**CLEVELAND-CLIFFS INC.
2021 EQUITY AND INCENTIVE COMPENSATION PLAN**

Cash Incentive Award Agreement (TSR)

This Cash Incentive Award Agreement (this "Agreement") is between Cleveland-Cliffs Inc., an Ohio corporation (the "Company"), and you, the person named in the Cash Incentive Award Memorandum (the "Award Memorandum") who is an employee of the Company or a Subsidiary of the Company (the "Participant"). For purposes of this Agreement, "Employer" means the entity (the Company or Subsidiary) that employs the Participant on the applicable date. This Agreement is effective as of the Date of Grant set forth in the Award Memorandum.

The Company wishes to award to the Participant the opportunity to earn an amount of cash, subject to the terms and conditions set forth in this Agreement, in order to carry out the purpose of the Cleveland-Cliffs Inc. 2021 Equity and Incentive Compensation Plan (the "Plan"). All capitalized terms not defined in this Agreement shall have the same meaning as set forth in the Plan. See Section 2 of the Plan for a list of certain defined terms.

In the event of a conflict between the terms of this Agreement, the Award Memorandum and the terms of the Plan, the terms of the Plan shall govern. In the event of a conflict between the terms of this Agreement and the Award Memorandum, the terms of this Agreement shall govern.

**ARTICLE 1.
Definitions**

All terms used herein with initial capital letters shall have the meanings assigned to them in the Plan and the following additional terms, when used herein with initial capital letters, shall have the following meanings:

1.1 "Earned Cash Incentive" shall mean the amount of cash earned by the Participant, as determined under Section 2.3.

1.2 "Incentive Period" shall be the time period as set forth in the Award Memorandum.

1.3 "Market Value Price" shall mean the latest available closing price of a Common Share of the Company or the latest available closing price per share of a common share of each of the entities in the Peer Group, as the case may be, on the New York Stock Exchange or other recognized market if the shares do not trade on the New York Stock Exchange at the relevant time.

1.4 "Peer Group" shall mean the group of companies, as more particularly set forth on attached Exhibit A, against which the Relative Total Shareholder Return of the Company is measured over the Incentive Period.

1.5 "Performance Objective(s)" shall mean for the Incentive Period the predetermined objectives of the Company with respect to the Management Objectives and any applicable goals established by the Committee and reported to the Board for this award, as more particularly set forth on attached Exhibit B.

1.6 "Relative Total Shareholder Return" shall mean for the Incentive Period the Total Shareholder Return of the Company compared to the Total Shareholder Return of the Peer Group, as more particularly set forth on attached Exhibit C.

1.7 "Total Shareholder Return" or "TSR" shall mean, for the Incentive Period, the cumulative return to shareholders of the relevant entity during the Incentive Period, measured by the

change in Market Value Price per share of a common share of the entity plus dividends (or other distributions, excluding franking credits) reinvested over the Incentive Period, determined on the last business day of the Incentive Period compared to a base measured by the average Market Value Price per share of a common share of the entity on the last business day of the year immediately preceding the Incentive Period. Dividends (or other distributions, excluding franking credits) per share are assumed to be reinvested in the applicable stock on the last business day of the quarter during which they are paid at the then Market Value Price per share, resulting in a fractionally higher number of shares owned at the market price.

ARTICLE 2.
Grant and Terms of Cash Incentive Award

2.1 Grant of Cash Incentive Award Opportunity. Pursuant to the Plan, the Company has granted to the Participant the opportunity to earn a percentage (from 0% to 200%) of the target amount of cash as specified in the Award Memorandum ("Cash Incentive Award"), effective as of the Date of Grant.

2.2 Performance as Condition of Payment. The Cash Incentive Award evidenced by this Agreement and these terms and conditions shall only result in the payment of cash to the extent such Cash Incentive Award has become an Earned Cash Incentive, as provided in Section 2.3, on the date the Earned Cash Incentive is to be paid as specified in Section 2.5.

2.3 Earned Cash Incentive.

(a) Achievement of Performance Objective(s). Subject to Sections 2.3(b) and 2.3(c), the amount of Earned Cash Incentive, if any, shall be based upon the degree of achievement of the Performance Objective(s), all as more particularly set forth in Exhibit B, with the actual amount of the Earned Cash Incentive interpolated between the performance levels shown on Exhibit B, as determined and certified by the Committee as of the end of the Incentive Period. The percentage level of achievement determined for the Performance Objective(s) shall be multiplied by the target amount of cash subject to the Cash Incentive Award, as specified in the Award Memorandum, to determine the actual amount of Earned Cash Incentive, rounded down to the nearest whole cent. The calculation as to whether the Company has met or exceeded the Performance Objective(s) shall be determined and certified by the Committee in accordance with the award and these terms and conditions. Subject to the terms of the Plan, except as provided in Sections 2.3(b) and 2.3(c), no Cash Incentive Award will become an Earned Cash Incentive unless the Participant remains in the continuous employment of the Company or a Subsidiary during the entire Incentive Period.

(b) Death, Disability, Retirement or a Termination Without Cause. If the Participant experiences a termination of employment with the Company because of the Participant's death, Disability (as defined herein) or Retirement (as defined herein) or a termination of employment by the Company without Cause (as defined herein) during the Incentive Period, the amount of the Participant's Cash Incentive Award that becomes an Earned Cash Incentive will be a prorated amount equal to the product of the amount determined after the end of the Incentive Period under Section 2.3(a) (without regard to the requirement that employment continue until the end of the Incentive Period), multiplied by a fraction, the numerator of which is the number of full months the Participant was employed with the Company or a Subsidiary between the start of the Incentive Period and the date of the Participant's termination of employment, and the denominator of which is 36, rounded down to the nearest whole cent.

For purposes of this Agreement, "Disability" shall mean a medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months and that results in the Participant: (i) being unable to engage in any substantial gainful activity; or (ii) receiving income replacement benefits for a period of not less than three months under an accident or health plan covering employees of the Company. For purposes of this Agreement, "Retirement" shall mean the Participant's retirement from active employment with the Company or

Subsidiary upon or after the attainment of age 55 and at least a 5-year period of service with the Company and/or Subsidiary.

(c) Change in Control. In the event a Change in Control occurs during the Incentive Period, the Participant's Cash Incentive Award will become an Earned Cash Incentive only to the extent provided in Section 2.4.

In the event the Participant otherwise terminates employment prior to becoming entitled to an Earned Cash Incentive or the Participant's employment is terminated by the Company for Cause, the Participant shall forfeit all rights to any Cash Incentive Award evidenced by this Agreement.

2.4 Change in Control Vesting.

(a) If the Participant remains in the continuous employ of the Company or a Subsidiary throughout the period beginning on the Date of Grant and ending on the date of a Change in Control, upon the Change in Control, 100% of the Cash Incentive Award shall become an Earned Cash Incentive, except to the extent that an award meeting the requirements of Section 2.4(d) (a "Replacement Award") is provided to the Participant in accordance with Section 2.4(d) to replace, adjust, or continue the Cash Incentive Award evidenced by this Agreement (the "Replaced Award"). If a Replacement Award is provided, references to Cash Incentive Award in this Agreement shall be deemed to refer to the Replacement Award after the Change in Control.

(b) If, upon or after receiving a Replacement Award, the Participant experiences a termination of employment with the Company or a Subsidiary of the Company (or any of their successors) (as applicable, the "Successor") by reason of the Participant terminating employment for Good Reason or the Successor terminating the Participant's employment other than for Cause, in each case within a period of two years after the Change in Control and during the Incentive Period, 100% of the Replacement Award will become earned and nonforfeitable upon such termination.

(c) If a Replacement Award is provided, notwithstanding anything in this Agreement to the contrary, any portion of the outstanding Cash Incentive Award that at the time of the Change in Control is not subject to a "substantial risk of forfeiture" (within the meaning of Section 409A of the Code) will be deemed to be an Earned Cash Incentive at the time of such Change in Control and will be paid as provided for in Section 2.5(b).

(d) For purposes of this Agreement, a "Replacement Award" means an award: (i) of the same type (e.g., performance-based cash award opportunity) as the Replaced Award; (ii) that has a value at least equal to the value of the Replaced Award; (iii) that is payable in cash; (iv) if the Participant holding the Replaced Award is subject to U.S. federal income tax under the Code, the tax consequences of which to such Participant under the Code are not less favorable to such Participant than the tax consequences of the Replaced Award; and (v) the other terms and conditions of which are not less favorable to the Participant holding the Replaced Award than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent Change in Control). A Replacement Award may be granted only to the extent it does not result in the Replaced Award or Replacement Award failing to comply with or be exempt from Section 409A of the Code. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the two preceding sentences are satisfied. The determination of whether the conditions of this Section 2.4(d) are satisfied will be made by the Committee, as constituted immediately before the Change in Control, in its sole discretion.

(e) For purposes of this Agreement, a termination for "Cause" shall mean that, prior to termination of employment, the Participant shall have committed: (i) and been convicted of a criminal violation involving fraud, embezzlement or theft in connection with his or her duties or in the course of his or her employment with the Company or any Affiliate (or the Successor, if applicable); (ii) intentional

wrongful damage to property of the Company or any Affiliate (or the Successor, if applicable); (iii) intentional wrongful disclosure of secret processes or confidential information of the Company or any Affiliate (or the Successor, if applicable); or (iv) intentional wrongful engagement in any competitive activity; and any such act shall have been demonstrably and materially harmful to the Company or any Affiliate (or the Successor, if applicable). For purposes of this Agreement, no act or failure to act on the part of the Participant shall be deemed "intentional" if it was due primarily to an error in judgment or negligence, but shall be deemed "intentional" only if done or omitted to be done by the Participant not in good faith and without reasonable belief that the Participant's action or omission was in the best interest of the Company or an Affiliate (or the Successor, if applicable).

(f) A termination "for Good Reason" shall mean the Participant's termination of employment with the Successor as a result of the initial occurrence, without the Participant's consent, of one or more of the following events:

(i) a material diminution in the Participant's annual base salary rate as in effect from time to time ("Base Pay");

(ii) a material diminution in the Participant's authority, duties or responsibilities;

(iii) a material change in the geographic location at which the Participant must perform services;

(iv) a reduction in the Participant's opportunity regarding annual bonus, incentive or other payment of compensation, in addition to Base Pay, made or to be made in regard to services rendered in any year or other period pursuant to any bonus, incentive, profit-sharing, performance, discretionary pay or similar agreement, policy, plan, program or arrangement (whether or not funded) of the Successor; and

(v) any other action or inaction that constitutes a material breach by the Participant's employer of the employment agreement, if any, under which the Participant provides services.

Notwithstanding the foregoing, "Good Reason" shall not be deemed to exist unless: (A) the Participant has provided notice to his or her employer of the existence of one or more of the conditions listed in (i) through (v) above within 90 days after the initial occurrence of such condition or conditions; and (B) such condition or conditions have not been cured by the Participant's employer within 30 days after receipt of such notice.

2.5 Payment of Earned Cash Incentive.

(a) Payment After the Incentive Period. Subject to Sections 2.5(b) and (c), the Earned Cash Incentive shall be paid after the end of the Incentive Period and after the determination and certification by the Committee of the level of attainment of the Performance Objective(s), but in any event no later than 2-½ months after the end of the Incentive Period, to the extent it has not been previously paid to the Participant.

(b) Change in Control. Notwithstanding Section 2.5(a), to the extent there is any Earned Cash Incentive as of a Change in Control, such Earned Cash Incentive will be paid within 10 days of the Change in Control; provided, however, that if such Change in Control would not qualify as a permissible date of distribution under Section 409A(a)(2)(A) of the Code, and the regulations thereunder, and where Section 409A of the Code applies to such distribution, payment will be made on the date that would have otherwise applied pursuant to this Section 2.5.

(c) Payment Following a Change in Control. Notwithstanding Section 2.2 and 2.5(a), if, during the two-year period following a Change in Control, the Participant experiences a qualifying termination of employment (as described in Section 2.4(b)), the Earned Cash Incentive as of the date of such termination of employment shall be paid within 10 days of such termination of employment to the extent it has not been previously paid to the Participant; provided, however, that if such Change in Control would not qualify as a permissible date of distribution under Section 409A(a)(2)(A) of the Code, and the regulations thereunder, and where Section 409A of the Code applies to such distribution, payment will be made on the date that would have otherwise applied pursuant to this Section 2.5.

(d) General. The Cash Incentive Award is to be settled in cash. The Committee may withhold cash to the extent necessary to satisfy income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related item withholding requirements, as described in Section 5.3.

(e) Payments After Death. Any payment of Earned Cash Incentive to a deceased Participant shall be paid to the estate of the Participant, unless the Participant files a completed Designation of Death Beneficiary with the Company in accordance with its procedures.

(f) Payment Obligation. Prior to payment, the Company shall only have an unfunded and unsecured obligation to make payment of the Earned Cash Incentive to the Participant. The Cash Incentive Award evidenced by this Agreement that has not yet been earned as an Earned Cash Incentive, and any interests of the Participant with respect thereto, are not transferable other than pursuant to the laws of descent and distribution, or in accordance with Section 2.5(e).

ARTICLE 3. Other Terms and Conditions

3.1 Non-Compete and Confidentiality

(a) The Participant shall not render services for any organization or engage directly or indirectly in any business that is a competitor of the Company or any Affiliate of the Company, or which organization or business is or plans to become prejudicial to or in conflict with the business interests of the Company or any Affiliate of the Company or distribute any secret or confidential information belonging to the Company or any Affiliate of the Company.

(b) Failure to comply with Section 3.1(a) above will cause the Participant to forfeit the right to the Cash Incentive Award and require the Participant to reimburse the Company for the taxable income received as a result of the Cash Incentive Award within the 90-day period preceding the Participant's termination of employment.

ARTICLE 4. Acknowledgments

4.1 Acknowledgments. In accepting the award, the Participant acknowledges, understands and agrees to the following:

- (a) The Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- (b) The grant of the Cash Incentive Award is voluntary and occasional and does not create any contractual or other right to receive future grants of Cash Incentive Awards, or benefits in lieu of Cash Incentive Awards, even if Cash Incentive Awards have been granted in the past;

- (c) All decisions with respect to future Cash Incentive Awards or other grants, if any, will be at the sole discretion of the Company;
- (d) The Participant's participation in the Plan is voluntary;
- (e) The Cash Incentive Award and the Participant's participation in the Plan shall not create a right to employment or be interpreted as forming an employment or services contract with the Company or any Subsidiary and shall not interfere with the ability of the Company, or any Subsidiary, as applicable, to terminate the Participant's employment or service relationship (if any);
- (f) No claim or entitlement to compensation or damages shall arise from forfeiture of any Cash Incentive Award resulting from the Participant ceasing to provide employment or other services to the Company or a Subsidiary (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any), and in consideration of the grant of the Cash Incentive Award to which the Participant is otherwise not entitled, the Participant irrevocably agrees never to institute any claim against the Company or any of its Subsidiaries, and the Participant waives his or her ability, if any, to bring any such claim, and releases the Company and its Subsidiaries from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;
- (g) Neither the Plan nor the Cash Incentive Award shall be construed to create an employment relationship where any employment relationship did not otherwise already exist;
- (h) The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition of cash thereunder. The Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Cash Incentive Award;
- (i) The Cash Incentive Award, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
- (j) The Company reserves the right to impose other requirements on participation in the Cash Incentive Award, to the extent the Company determines it is necessary or advisable in order to comply with local law or other applicable rules or facilitate the administration of the Plan, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing; and
- (k) Notwithstanding anything in this Agreement to the contrary, the Participant acknowledges and agrees that this Cash Incentive Award, this Agreement and any related benefits or compensation under this Agreement are subject to the

terms and conditions of the Company's clawback policy (if any) as may be in effect from time to time specifically to implement Section 10D of the Exchange Act and any applicable rules or regulations promulgated thereunder (including applicable rules and regulations of any national securities exchange on which the Common Shares may be traded) (the "Compensation Recovery Policy"), and that applicable provisions of this Agreement shall be deemed superseded by and subject to the terms and conditions of the Compensation Recovery Policy from and after the effective date thereof.

ARTICLE 5.
General Provisions

5.1 Compliance with Law. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws. Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement prevents the Participant from providing, without prior notice to the Company, information to governmental authorities regarding possible legal violations or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations, and for purpose of clarity the Participant is not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act.

5.2 Reserved.

5.3 Withholding Taxes. To the extent that the Company is required to withhold federal, state, local or foreign taxes or other amounts in connection with any payment made or benefit realized by the Participant under this Agreement, and the amounts available to the Company for such withholding are insufficient, it will be a condition to the receipt of such payment or the realization of such benefit that the Participant make arrangements satisfactory to the Company for payment of the balance of such taxes or other amounts required to be withheld, which arrangements (in the discretion of the Committee) may include relinquishment of a portion of such benefit.

5.4 Continuous Employment. For purposes of this Agreement, the continuous employment of the Participant with the Company shall not be deemed to have been interrupted, and the Participant shall not be deemed to have separated from service with the Company, by reason of the transfer of his employment among the Company or Subsidiaries or an approved leave of absence, unless otherwise indicated in the Plan or if required to comply with Section 409A of the Code.

5.5 Relation to Other Benefits. Any economic or other benefit to the Participant under the Agreement and these terms and conditions or the Plan shall not be taken into account in determining any benefits to which the Participant may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or Subsidiary.

5.6 Adjustments. The Cash Incentive Award evidenced by this Agreement is subject to mandatory adjustment as provided in Section 11 of the Plan.

5.7 These Terms and Conditions Subject to Plan. The Cash Incentive Award covered under the Agreement and all of the terms and conditions hereof are subject to all of the terms and conditions of the Plan, a copy of which is available upon request.

5.8 Transferability. Except as otherwise provided in the Plan, the Cash Incentive Award is non-transferable and any attempts to assign, pledge, hypothecate or otherwise alienate or encumber (whether by law or otherwise) any portion of the Cash Incentive Award shall be null and void.

5.9 Data Privacy. The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data as described in this Agreement and any other Cash Incentive Award materials by and among, as applicable, the Company or Subsidiaries for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.

The Participant understands that the Company or Subsidiary may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social security number or other identification number, salary, nationality, job title, any Common Shares of or directorships in the Company that are held, details of all Cash Incentive Awards awarded, canceled, vested, unvested or outstanding in the Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data").

The Participant understands that Data will be transferred to the Company's broker, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. The Participant understands that the recipients' use of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. The Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Participant authorizes the Company, the Company's broker and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Participants' participation in the Plan. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands if he or she resides outside the United States, he or she may, at any time, view their respective Data, request additional information about the storage and processing of their Data, require any necessary amendments to their Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, the Participant understands that he or she is providing the consents herein on a purely voluntary basis. If the Participant does not consent, or if the Participant later seeks to revoke his or her consent, his or her employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing the Participant's consent is that the Company would not be able to grant Cash Incentive Awards or equity awards or administer or maintain such awards. Therefore, the Participant understands that refusing or withdrawing his or her consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that he or she may contact his or her local human resources representative.

5.10 Amendments. This Agreement can be amended at any time by the Committee. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto. Except for amendments necessary to bring this Agreement into compliance with current law including Section 409A of the Code, no amendment to this Agreement shall materially and adversely affect the rights of the Participant without the Participant's written consent.

5.11 Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be invalid or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

5.12 Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Cash Incentive Award by electronic means. By accepting this Cash Incentive Award, the Participant hereby consents to receive such documents by electronic delivery and agrees to

participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

5.13 Headings. Headings are given to the articles or sections of this Agreement solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Agreement or any provision hereof.

5.14 Governing Law. This Agreement is governed by and construed in accordance with the internal substantive laws of the State of Ohio.

5.15 Section 409A of the Code. To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code. This Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause the Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force and effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of the Participant). The terms "termination of employment," "terminates employment," and similar words and phrases used in this Agreement mean a "separation from service" within the meaning of Treasury Regulation section 1.409A-1(h). If, at the time of the Participant's separation from service (within the meaning of Section 409A of the Code), (a) the Participant will be a specified employee (within the meaning of Section 409A of the Code and using the identification methodology selected by the Company from time to time) and (b) the Company makes a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A of the Code) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A of the Code in order to avoid taxes or penalties under Section 409A of the Code, then the Company will not pay such amount on the otherwise scheduled payment date but will instead pay it, without interest, on the fifth business day of the seventh month after such separation from service.

[Acceptance Page Contained in Exhibit D]

EXHIBITS

Exhibit A	Peer Group
Exhibit B	Performance Objectives
Exhibit C	Relative Total Shareholder Return
Exhibit D	Electronic Acceptance

Exhibit A

PEER GROUP
(20XX – 20XX)

The Peer Group will be the constituents as defined by the SPDR S&P Metals and Mining ETF Index on the first day of trading of the Incentive Period.

The value of the stock of a Peer Group company will be determined in accordance with the following:

1. If the stock is listed on an exchange in the U.S. or Canada, then the value on such exchange will be used;
2. Otherwise, if the stock is traded in the U.S. as an American Depositary Receipt (“ADR”), then the value of the ADR will be used; or
3. Otherwise, the value on the exchange in the country where the company is headquartered will be used.

Exhibit B

PERFORMANCE OBJECTIVES (RELATIVE TSR)
(20XX – 20XX)

The Performance Objective of the Company is based on Relative Total Shareholder Return (share price plus reinvested dividends) over the three-year Incentive Period from January 1, 20XX to December 31, 20XX. Achievement of the Relative Total Shareholder Return objective shall be determined by the Total Shareholder Return of the Company relative to that of the Peer Group, interpolating where necessary. Achievement shall be determined against the scale set forth in the table below:

Performance Factor	Performance Level			
	Below Threshold	Threshold	Target	Maximum
Relative TSR	less than 25 th percentile	25 th percentile	50 th percentile	75 th or greater percentile
Payout For Relative TSR	0%	50%	100%	200%

Exhibit C

RELATIVE TOTAL SHAREHOLDER RETURN
(20XX - 20XX)

Relative Total Shareholder Return for the Incentive Period is calculated as follows:

1. The Total Shareholder Return as defined in Section 1.7 of these terms and conditions for the Incentive Period for the Company shall be compared to the Total Shareholder Return for each of the entities within the Peer Group for the Incentive Period. The results shall be ranked to determine the Company's Relative Total Shareholder Return percentile ranking compared to the Peer Group.
2. The Company's Relative Total Shareholder Return for the Incentive Period shall be compared to the Relative Total Shareholder Return performance target range established for the Incentive Period.
3. The Relative Total Shareholder Return performance target range has been established for the 20XX - 20XX Incentive Period as follows:

<u>Performance Level</u>	20XX - 20XX Relative Total Shareholder Return <u>Percentile Ranking</u>
Maximum	75th Percentile
Target	50th Percentile
Threshold	25th Percentile

Exhibit D
ELECTRONIC ACCEPTANCE

Acceptance by the Participant

By selecting the "Accept" box on the website of the Company's administrative agent, the Participant acknowledges acceptance of, and consents to be bound by, the Plan and this Agreement and any other rules, agreements or other terms and conditions incorporated herein by reference.

IF I FAIL TO ACKNOWLEDGE ACCEPTANCE OF THE AWARD WITHIN NINETY (90) DAYS OF THE DATE OF GRANT SET FORTH IN THE AGREEMENT, THE COMPANY MAY DETERMINE THAT THIS AWARD HAS BEEN FORFEITED.

Participant Name

The following entities are included in the obligated group as of March 31, 2022, as defined in the Quarterly Report on Form 10-Q of Cleveland-Cliffs Inc. to which this document is being filed as an exhibit, including Cleveland-Cliffs Inc., as the parent and issuer, and the subsidiary guarantors that have guaranteed the obligations under the 6.750% 2026 Senior Secured Notes, the 5.875% 2027 Senior Notes, the 7.000% 2027 Senior Notes, the 9.875% 2025 Senior Secured Notes, the 4.625% 2029 Senior Notes and the 4.875% 2031 Senior Notes issued by Cleveland-Cliffs Inc.

Exact Name of Issuer or Guarantor Subsidiary (1) (2)	State of Incorporation or Organization	IRS Employer Identification Number
Cleveland-Cliffs Inc.	Ohio	34-1464672
Cannon Automotive Solutions - Bowling Green, Inc.	Delaware	26-0766559
Cleveland-Cliffs Burns Harbor LLC	Delaware	20-0653414
Cleveland-Cliffs Cleveland Works LLC	Delaware	04-3634649
Cleveland-Cliffs Columbus LLC	Delaware	01-0807137
Cleveland-Cliffs Investments Inc.	Ohio	31-1283531
Cleveland-Cliffs Kote Inc.	Delaware	36-3665216
Cleveland-Cliffs Kote L.P.	Delaware	36-3665288
Cleveland-Cliffs Minorca Mine Inc.	Delaware	36-2814042
Cleveland-Cliffs Monessen Coke LLC	Delaware	25-1850170
Cleveland-Cliffs Plate LLC	Delaware	20-0653500
Cleveland-Cliffs Railways Inc.	Delaware	56-2348283
Cleveland-Cliffs Riverdale LLC	Delaware	74-3062732
Cleveland-Cliffs South Chicago & Indiana Harbor Railway Inc.	Delaware	04-3634638
Cleveland-Cliffs Steel Corporation	Delaware	31-1267098
Cleveland-Cliffs Steel Holding Corporation	Delaware	31-1401455
Cleveland-Cliffs Steel Holdings Inc.	Ohio	85-4084783
Cleveland-Cliffs Steel LLC	Delaware	71-0871875
Cleveland-Cliffs Steel Management Inc.	Delaware	51-0390893
Cleveland-Cliffs Steel Properties Inc.	Delaware	51-0390894
Cleveland-Cliffs Steelton LLC	Delaware	20-0653772
Cleveland-Cliffs Steelworks Railway Inc.	Delaware	04-3634622
Cleveland-Cliffs Tek Inc.	Delaware	36-3519946
Cleveland-Cliffs Tek Kote Acquisition Corporation	Ohio	85-4304182
Cleveland-Cliffs Tek L.P.	Delaware	363525438
Cleveland-Cliffs Tooling and Stamping Company	Delaware	22-3639336
Cleveland-Cliffs Tooling and Stamping Holdings LLC	Delaware	31-1283531
Cleveland-Cliffs Tubular Components LLC	Delaware	31-1283531
Cleveland-Cliffs Weirton LLC	Delaware	56-2435202
Cliffs Mining Company	Delaware	34-1120353
Cliffs Minnesota Mining Company	Delaware	42-1609117
Cliffs Steel Inc.	Ohio	87-3972693
Cliffs TIOP Holding, LLC	Delaware	47-2182060
Cliffs TIOP, Inc.	Michigan	34-1371049
Cliffs TIOP II, LLC	Delaware	61-1857848
Cliffs UTAC Holding LLC	Delaware	26-2895214
Fleetwood Metal Industries, LLC	Delaware	98-0508950
IronUnits LLC	Delaware	34-1920747
Lake Superior & Ishpeming Railroad Company	Michigan	38-6005761
Metallics Sales Company	Delaware	84-2076079
Mid-Vol Coal Sales, Inc.	West Virginia	55-0761501
Mountain State Carbon, LLC	Delaware	31-1267098
Northshore Mining Company	Delaware	84-1116857

Exact Name of Issuer or Guarantor Subsidiary (1) (2)	State of Incorporation or Organization	IRS Employer Identification Number
Silver Bay Power Company	Delaware	84-1126359
SNA Carbon, LLC	Delaware	31-1267098
The Cleveland-Cliffs Iron Company	Ohio	34-0677332
Tilden Mining Company L.C.	Michigan	34-1804848
United Taconite LLC	Delaware	42-1609118

(1) The address and phone number of each issuer and guarantor subsidiary is c/o Cleveland-Cliffs Inc., 200 Public Square, Suite 3300, Cleveland, Ohio 44114, (216) 694-5700.

(2) Cleveland-Cliffs Inc. is the issuer, all other entities listed are guarantor subsidiaries.

CERTIFICATION

I, Lourenco Goncalves, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cleveland-Cliffs Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 26, 2022

By: /s/ Lourenco Goncalves

Lourenco Goncalves

Chairman, President and Chief Executive Officer

CERTIFICATION

I, Celso L. Goncalves Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cleveland-Cliffs Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 26, 2022

By: /s/ Celso L. Goncalves Jr.

Celso L. Goncalves Jr.

Executive Vice President, Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Cleveland-Cliffs Inc. (the "Company") on Form 10-Q for the period ended March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), I, Lourenco Goncalves, Chairman, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

- (1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Form 10-Q.

Date: April 26, 2022

By: /s/ Lourenco Goncalves

Lourenco Goncalves

Chairman, President and Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Cleveland-Cliffs Inc. (the "Company") on Form 10-Q for the period ended March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), I, Celso L. Goncalves Jr., Executive Vice President, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

- (1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Form 10-Q.

Date: April 26, 2022

/s/ Celso L. Goncalves Jr.

Celso L. Goncalves Jr.

Executive Vice President, Chief Financial Officer

Mine Safety Disclosures

The operation of our mines located in the United States is subject to regulation by MSHA under the FMSH Act. MSHA inspects these mines on a regular basis and issues various citations and orders when it believes a violation has occurred under the FMSH Act. We present information below regarding certain mining safety and health citations that MSHA has issued with respect to our mining operations. In evaluating this information, consideration should be given to factors such as: (i) the number of citations and orders will vary depending on the size of the mine; (ii) the number of citations issued will vary from inspector to inspector and mine to mine; and (iii) citations and orders can be contested and appealed and, in that process, are often reduced in severity and amount, and are sometimes dismissed.

Under the Dodd-Frank Act, each operator of a coal or other mine is required to include certain mine safety results within its periodic reports filed with the SEC. As required by the reporting requirements included in §1503(a) of the Dodd-Frank Act, we present the following items regarding certain mining safety and health matters, for the period presented, for each of our mine locations that are covered under the scope of the Dodd-Frank Act:

- (A) The total number of violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a coal or other mine safety or health hazard under section 104 of the FMSH Act (30 U.S.C. 814) for which the operator received a citation from MSHA;
- (B) The total number of orders issued under section 104(b) of the FMSH Act (30 U.S.C. 814(b));
- (C) The total number of citations and orders for unwarrantable failure of the mine operator to comply with mandatory health or safety standards under section 104(d) of the FMSH Act (30 U.S.C. 814(d));
- (D) The total number of imminent danger orders issued under section 107(a) of the FMSH Act (30 U.S.C. 817(a));
- (E) The total dollar value of proposed assessments from MSHA under the FMSH Act (30 U.S.C. 801 *et seq.*);
- (F) Legal actions pending before the Federal Mine Safety and Health Review Commission involving such coal or other mine as of the last day of the period;
- (G) Legal actions instituted before the Federal Mine Safety and Health Review Commission involving such coal or other mine during the period; and
- (H) Legal actions resolved before the Federal Mine Safety and Health Review Commission involving such coal or other mine during the period.

During the three months ended March 31, 2022, our U.S. mine locations did not receive any flagrant violations under section 110(b)(2) of the FMSH Act (30 U.S.C. 820(b)(2)), or any written notices of a pattern of violations, or the potential to have such a pattern of violations, under section 104(e) of the FMSH Act (30 U.S.C. 814(e)). In addition, there were no mining-related fatalities at any of our U.S. mine locations during this same period.

Following is a summary of the information listed above for the three months ended March 31, 2022:

		Three Months Ended March 31, 2022							
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Mine Name/ MSHA ID No.	Operation	Section 104 S&S Citations	Section 104(b) Orders	Section 104(d) Orders	Section 107(a) Citations & Orders	Total Dollar Value of MSHA Proposed Assessments (1)	Legal Actions Pending as of Last Day of Period	Legal Actions Instituted During Period	Legal Actions Resolved During Period
Tilden / 2000422	Iron Ore	15	—	—	—	\$ 146,004	—	—	1
Empire / 2001012	Iron Ore	—	—	—	—	\$ —	—	—	—
Northshore Plant / 2100831	Iron Ore	8	—	—	—	\$ 18,921	6 (2)	1	—
Northshore Mine / 2100209	Iron Ore	—	—	—	—	\$ 576	—	—	—
Hibbing / 2101600	Iron Ore	5	—	—	—	\$ 3,550	1 (3)	1	1
United Taconite Plant / 2103404	Iron Ore	12	—	—	—	\$ 38,341	—	—	3
United Taconite Mine / 2103403	Iron Ore	—	—	—	—	\$ 133	—	—	2
Minorca Mine / 2102449	Iron Ore	13	1	—	—	\$ 88,924	—	—	1
Coal Innovations #1 / 3609406	Coal	—	—	—	—	\$ —	—	—	—
Virginia Point No. 1 Surface Mine / 4407172	Coal	—	—	—	—	\$ 597	—	—	—
Low Gap Surface Mine / 4605741	Coal	1	—	—	—	\$ 1,205	—	—	—
Eckman Surface Mine / 4608647	Coal	—	—	—	—	\$ —	—	—	—
Redhawk Surface Mine / 4609300	Coal	—	—	—	—	\$ —	—	—	—
Dry Branch Surface Mine / 4609395	Coal	—	1	—	—	\$ 2,871	—	—	—
Dans Branch Surface Mine / 4609517	Coal	—	—	—	—	\$ —	—	—	—
Eckman Loadout / 4603341	Coal	—	—	—	—	\$ —	—	—	—
Roadfork Loadout / 4608278	Coal	—	—	—	—	\$ —	—	—	—
Eckman Plant / 4609357	Coal	—	—	—	—	\$ 931	—	—	—
Mine No. 35 / 4608131	Coal	—	—	—	—	\$ —	—	—	—
Mine No. 39 / 4609261	Coal	9	—	—	—	\$ 3,456	2 (4)	1	3
Mine No. 43 / 4609496	Coal	8	—	—	—	\$ 10,915	—	—	2

- (1) Amounts included under the heading "Total Dollar Value of MSHA Proposed Assessments" are the total dollar amounts for proposed assessments received from MSHA on or before March 31, 2022.
- (2) This number consists of 2 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules and 4 pending legal actions related to appeals of judges' decisions or orders to the Federal Mine Safety and Health Review Commission referenced in Subpart H of FMSH Act's procedural rules.
- (3) This number consists of 1 pending legal action related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.
- (4) This number consists of 1 pending legal action related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules and 1 pending legal action related to complaints of discharge, discrimination or interference referenced in Subpart E of FMSH Act's procedural rules.