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 June 30, 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	34-1464672
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*
200 Public Square, Cleveland, Ohio	44114-2315
(Address of Principal Executive Offices)	*(Zip Code)*

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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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 517,297,581 as of July 25, 2022.

TABLE OF CONTENTS

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, acquisition-related loss on equity method investment, 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
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, collectively
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Board	The Board of Directors of Cleveland-Cliffs Inc.
BOF	Basic oxygen furnace
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
Long ton	2,240 pounds
Metric ton	2,205 pounds
MSHA	U.S. Mine Safety and Health Administration
Net ton	2,000 pounds
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

Abbreviation or acronym	Term
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
VIE	Variable interest entity

PART I

Item 1. ***Financial Statements***

Statements of Unaudited Condensed Consolidated Financial Position

Cleveland-Cliffs Inc. and Subsidiaries

	(In Millions)	
	June 30, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 47**	$ 48
Accounts receivable, net	**2,571**	2,154
Inventories	**5,784**	5,188
Other current assets	**366**	263
Total current assets	**8,768**	7,653
Non-current assets:		
Property, plant and equipment, net	**9,047**	9,186
Goodwill	**1,149**	1,116
Other non-current assets	**1,075**	1,020
TOTAL ASSETS	**$ 20,039**	$ 18,975
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	**$ 2,594**	$ 2,073
Accrued employment costs	**536**	585
Other current liabilities	**857**	903
Total current liabilities	**3,987**	3,561
Non-current liabilities:		
Long-term debt	**4,668**	5,238
Pension liability, non-current	**527**	578
OPEB liability, non-current	**2,314**	2,383
Other non-current liabilities	**1,549**	1,441
TOTAL LIABILITIES	**13,045**	13,201
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 - 517,293,151 shares (2021 - 500,158,955 shares)	**66**	63
Capital in excess of par value of shares	**4,855**	4,892
Retained earnings (deficit)	**1,396**	(1)
Cost of 13,758,379 common shares in treasury (2021 - 6,673,582 shares)	**(246)**	(82)
Accumulated other comprehensive income	**658**	618
Total Cliffs shareholders' equity	**6,729**	5,490
Noncontrolling interest	**265**	284
TOTAL EQUITY	**6,994**	5,774
TOTAL LIABILITIES AND EQUITY	**$ 20,039**	$ 18,975

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 June 30,		Six Months Ended June 30,	
	2022	2021	**2022**	2021
Revenues	**$ 6,337**	$ 5,045	**$ 12,292**	$ 9,094
Operating costs:				
Cost of goods sold	**(5,356)**	(3,848)	**(10,062)**	(7,609)
Selling, general and administrative expenses	**(107)**	(105)	**(229)**	(213)
Miscellaneous – net	**(34)**	(25)	**(67)**	(28)
Total operating costs	**(5,497)**	(3,978)	**(10,358)**	(7,850)
Operating income	**840**	1,067	**1,934**	1,244
Other income (expense):				
Interest expense, net	**(64)**	(85)	**(141)**	(177)
Loss on extinguishment of debt	**(66)**	(22)	**(80)**	(88)
Net periodic benefit credits other than service cost component	**50**	46	**99**	93
Other non-operating income (expense)	**(3)**	4	**(5)**	4
Total other expense	**(83)**	(57)	**(127)**	(168)
Income from continuing operations before income taxes	**757**	1,010	**1,807**	1,076
Income tax expense	**(157)**	(216)	**(394)**	(225)
Income from continuing operations	**600**	794	**1,413**	851
Income from discontinued operations, net of tax	**1**	1	**2**	1
Net income	**601**	795	**1,415**	852
Income attributable to noncontrolling interest	**(5)**	(15)	**(18)**	(31)
Net income attributable to Cliffs shareholders	**$ 596**	$ 780	**$ 1,397**	$ 821
Earnings per common share attributable to Cliffs shareholders - basic				
Continuing operations	**$ 1.14**	$ 1.40	**$ 2.67**	$ 1.48
Discontinued operations	**—**	—	**—**	—
	$ 1.14	$ 1.40	**$ 2.67**	$ 1.48
Earnings per common share attributable to Cliffs shareholders - diluted				
Continuing operations	**$ 1.13**	$ 1.33	**$ 2.64**	$ 1.42
Discontinued operations	**—**	—	**—**	—
	$ 1.13	$ 1.33	**$ 2.64**	$ 1.42

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 June 30,		Six Months Ended June 30,	
	2022	2021	**2022**	2021
Net income	**$ 601**	$ 795	**$ 1,415**	$ 852
Other comprehensive income (loss):				
Changes in pension and OPEB, net of tax	**—**	7	**1**	14
Changes in foreign currency translation	**(2)**	—	**(2)**	(1)
Changes in derivative financial instruments, net of tax	**(55)**	47	**41**	54
Total other comprehensive income (loss)	**(57)**	54	**40**	67
Comprehensive income	**544**	849	**1,455**	919
Comprehensive income attributable to noncontrolling interests	**(5)**	(15)	**(18)**	(31)
Comprehensive income attributable to Cliffs shareholders	**$ 539**	$ 834	**$ 1,437**	$ 888

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)	
	Six Months Ended June 30,	
	2022	2021
OPERATING ACTIVITIES		
Net income	**$ 1,415**	$ 852
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	**551**	425
Impairment of long-lived assets	**29**	—
Deferred income taxes	**151**	225
Pension and OPEB credits	**(54)**	(41)
Loss on extinguishment of debt	**80**	88
Amortization of inventory step-up	**—**	118
Other	**55**	65
Changes in operating assets and liabilities, net of business combination:		
Receivables and other assets	**(445)**	(914)
Inventories	**(594)**	(557)
Income taxes	**(55)**	9
Pension and OPEB payments and contributions	**(114)**	(223)
Payables, accrued expenses and other liabilities	**379**	85
Net cash provided by operating activities	**1,398**	132
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(468)**	(298)
Acquisition of ArcelorMittal USA, net of cash acquired	**—**	54
Other investing activities	**1**	2
Net cash used by investing activities	**(467)**	(242)
FINANCING ACTIVITIES		
Proceeds from issuance of common shares	**—**	322
Repurchase of common shares	**(176)**	—
Proceeds from issuance of debt	**—**	1,000
Repayments of debt	**(1,319)**	(1,339)
Borrowings under credit facilities	**3,260**	2,680
Repayments under credit facilities	**(2,624)**	(2,490)
Other financing activities	**(73)**	(102)
Net cash provided (used) by financing activities	**(932)**	71
Net decrease in cash and cash equivalents	**(1)**	(39)
Cash and cash equivalents at beginning of period	**48**	112
Cash and cash equivalents at end of period	**$ 47**	$ 73

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**
Comprehensive income (loss)	**—**	**—**	**—**	**596**	**—**	**(57)**	**5**	**544**
Stock and other incentive plans	**—**	**—**	**7**	**—**	**1**	**—**	**—**	**8**
Common stock repurchases	**(8)**				**(157)**			**(157)**
Net distributions to noncontrolling interests	**—**	**—**	**—**	**—**	**—**	**—**	**(9)**	**(9)**
June 30, 2022	**517**	**$ 66**	**$ 4,855**	**$ 1,396**	**$ (246)**	**$ 658**	**$ 265**	**$ 6,994**

	(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
Comprehensive income	—	—	—	780	—	54	15	849
Stock and other incentive plans	1	—	4	—	6	—	—	10
Acquisition of ArcelorMittal USA - Measurement period adjustments	—	—	—	—	—	—	(13)	(13)
Net distributions to noncontrolling interests	—	—	—	—	—	—	(24)	(24)
June 30, 2021	500	$ 63	$ 5,491	$ (2,168)	$ (87)	$ (66)	$ 308	$ 3,541

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 and six months ended June 30, 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 and in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022.

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 June 30, 2022 and December 31, 2021, our investment in affiliates of $132 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)
Decrease in allowance	**1**	—
Allowance for credit losses as of June 30	**$ (3)**	$ (5)

Inventories

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

	(In Millions)	
	June 30, 2022	December 31, 2021
Product inventories		
Finished and semi-finished goods	**$ 3,081**	$ 2,814
Raw materials	**2,370**	2,070
Total product inventories	**5,451**	4,884
Manufacturing supplies and critical spares	**333**	304
Inventories	**$ 5,784**	$ 5,188

Cash Flow Information

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

	(In Millions) Six Months Ended June 30,	
	2022	2021
Capital additions	**$ 489**	$ 329
Less:		
Non-cash accruals	**(2)**	16
Right-of-use assets - finance leases	**23**	15
Cash paid for capital expenditures including deposits	**$ 468**	$ 298

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

	(In Millions) Six Months Ended June 30,	
	2022	2021
Taxes paid on income	**$ 299**	$ 8
Income tax refunds	**(1)**	(15)
Interest paid on debt obligations net of capitalized interest [1]	**133**	148

[1] Capitalized interest was $5 million and $3 million for the six months ended June 30, 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 six months ended June 30, 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	**$ 793**

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 and environmental obligations, 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	—	4
Property, plant and equipment	179	12	191
Other non-current assets	74	(10)	64
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	5	481
Goodwill	279	33	312
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**
Supplier relationships	**21**	**18**
Trade names and trademarks	**7**	**15**
Total identifiable intangible assets	**$ 41**	**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 June 30,		(In Millions) Six Months Ended June 30,	
	2022	2021	**2022**	2021
Steelmaking:				
Automotive	**$ 1,644**	$ 1,130	**$ 3,251**	$ 2,428
Infrastructure and manufacturing	**1,615**	1,312	**3,157**	2,286
Distributors and converters	**1,840**	1,948	**3,669**	3,225
Steel producers	**1,077**	532	**1,893**	902
Total Steelmaking	**6,176**	4,922	**11,970**	8,841
Other Businesses:				
Automotive	**124**	96	**246**	201
Infrastructure and manufacturing	**14**	11	**29**	21
Distributors and converters	**23**	16	**47**	31
Total Other Businesses	**161**	123	**322**	253
Total revenues	**$ 6,337**	$ 5,045	**$ 12,292**	$ 9,094

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

	(Dollars in Millions, Sales Volumes in Thousands of Net Tons) Three Months Ended June 30,			
	2022		2021	
	Revenue	**Volume**	Revenue	Volume
Steelmaking:				
Hot-rolled steel	**$ 1,251**	**1,038**	$ 1,485	1,386
Cold-rolled steel	**869**	**590**	773	720
Coated steel	**1,806**	**1,191**	1,379	1,247
Stainless and electrical steel	**618**	**194**	397	168
Plate	**453**	**238**	321	273
Other steel products	**417**	**390**	345	411
Other	**762**	**N/A**	222	N/A
Total Steelmaking	**6,176**		4,922	
Other Businesses:				
Other	**161**	**N/A**	123	N/A
Total revenues	**$ 6,337**		$ 5,045	

	(Dollars in Millions, Sales Volumes in Thousands of Net Tons)			
	Six Months Ended June 30,			
	2022		2021	
	Revenue	Volume	Revenue	Volume
Steelmaking:				
Hot-rolled steel	**$ 2,445**	**1,941**	$ 2,404	2,568
Cold-rolled steel	**1,853**	**1,241**	1,417	1,468
Coated steel	**3,581**	**2,433**	2,703	2,616
Stainless and electrical steel	**1,169**	**383**	760	335
Plate	**874**	**459**	572	548
Other steel products	**751**	**821**	635	814
Other	**1,297**	**N/A**	350	N/A
Total Steelmaking	**11,970**		8,841	
Other Businesses:				
Other	**322**	**N/A**	253	N/A
Total revenues	**$ 12,292**		$ 9,094	

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 June 30,		Six Months Ended June 30,	
	2022	2021	**2022**	2021
Revenues:				
Steelmaking	**$ 6,176**	$ 4,922	**$ 11,970**	$ 8,841
Other Businesses	**161**	123	**322**	253
Total revenues	**$ 6,337**	$ 5,045	**$ 12,292**	$ 9,094
Adjusted EBITDA:				
Steelmaking	**$ 1,108**	$ 1,360	**$ 2,531**	$ 1,862
Other Businesses	**20**	8	**49**	19
Eliminations[1]	**2**	(8)	**1**	(8)
Total Adjusted EBITDA	**$ 1,130**	$ 1,360	**$ 2,581**	$ 1,873

[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 June 30,		Six Months Ended June 30,	
	2022	2021	**2022**	2021
Net income	**$ 601**	$ 795	**$ 1,415**	$ 852
Less:				
Interest expense, net	**(64)**	(85)	**(141)**	(177)
Income tax expense	**(157)**	(216)	**(394)**	(225)
Depreciation, depletion and amortization	**(250)**	(208)	**(551)**	(425)
	1,072	1,304	**2,501**	1,679
Less:				
EBITDA of noncontrolling interests[1]	**13**	21	**35**	43
Asset impairment	**—**	—	**(29)**	—
Loss on extinguishment of debt	**(66)**	(22)	**(80)**	(88)
Severance costs	**(6)**	(1)	**(7)**	(12)
Acquisition-related costs excluding severance costs	**—**	—	**(1)**	(2)
Acquisition-related loss on equity method investment	**—**	(18)	**—**	(18)
Amortization of inventory step-up	**—**	(37)	**—**	(118)
Impact of discontinued operations	**1**	1	**2**	1
Total Adjusted EBITDA	**$ 1,130**	$ 1,360	**$ 2,581**	$ 1,873
[1] EBITDA of noncontrolling interests includes the following:				
Net income attributable to noncontrolling interests	**$ 5**	$ 15	**$ 18**	$ 31
Depreciation, depletion and amortization	**8**	6	**17**	12
EBITDA of noncontrolling interests	**$ 13**	$ 21	**$ 35**	$ 43

The following summarizes our assets by segment:

	(In Millions)	
	June 30, 2022	December 31, 2021
Assets:		
Steelmaking	**$ 19,259**	$ 18,326
Other Businesses	**322**	306
Total segment assets	**19,581**	18,632
Corporate/Eliminations	**458**	343
Total assets	**$ 20,039**	$ 18,975

The following table summarizes our capital additions by segment:

	(In Millions)			
	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2022	2021	**2022**	2021
Capital additions[1]:				
Steelmaking	**$ 297**	$ 146	**$ 472**	$ 279
Other Businesses	**9**	21	**15**	32
Corporate	**2**	—	**2**	18
Total capital additions	**$ 308**	$ 167	**$ 489**	$ 329

[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)	
	June 30, 2022	December 31, 2021
Land, land improvements and mineral rights	**$ 1,400**	$ 1,291
Buildings	**906**	889
Equipment	**8,765**	8,709
Other	**230**	229
Construction in progress	**617**	408
Total property, plant and equipment[1]	**11,918**	11,526
Allowance for depreciation and depletion	**(2,871)**	(2,340)
Property, plant and equipment, net	**$ 9,047**	$ 9,186

[1] Includes right-of-use assets related to finance leases of $389 million and $411 million as of June 30, 2022 and December 31, 2021, respectively.

We recorded depreciation and depletion expense of $249 million and $547 million for the three and six months ended June 30, 2022, respectively, and $208 million and $423 million for the three and six months ended June 30, 2021, respectively. Depreciation and depletion expense for the three and six months ended June 30, 2022 includes $23 million of accelerated depreciation related to the decision to indefinitely idle the coke facility at Middletown Works. Depreciation and depletion expense for the six months ended June 30, 2022 also 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)	
	June 30, 2022	December 31, 2021
Steelmaking	**$ 975**	$ 942
Other Businesses	**174**	174
Total goodwill	**$ 1,149**	$ 1,116

The increase of $33 million in the balance of *Goodwill* in our Steelmaking segment as of June 30, 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 FPT Acquisition. 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)					
	June 30, 2022			December 31, 2021		
	Gross Amount	**Accumulated Amortization**	**Net Amount**	Gross Amount	Accumulated Amortization	Net Amount
Intangible assets[1]:						
Customer relationships	**$ 90**	**$ (11)**	**$ 79**	$ 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**	**(1)**	**20**	18	—	18
Total intangible assets	**$ 261**	**$ (49)**	**$ 212**	$ 263	$ (42)	$ 221
Intangible liabilities[2]:						
Above-market supply contracts	**$ (71)**	**$ 17**	**$ (54)**	$ (71)	$ 14	$ (57)

[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 $ 3 million and $7 million for the three and six months ended June 30, 2022, respectively, and $2 million and $5 million for the three and six months ended June 30, 2021, respectively. Estimated future amortization expense is $6 million for the remainder of 2022 and $13 million annually for the years 2023 through 2027.

Income from amortization related to the intangible liabilities was $ 2 million and $3 million for the three and six months ended June 30, 2022, respectively, and $2 million and $3 million for the three and six months ended June 30, 2021, respectively. Estimated future income from amortization is $2 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**	**June 30, 2022**	December 31, 2021
Senior Secured Notes:				
9.875% 2025 Senior Secured Notes	Cliffs	**10.57%**	**$ —**	$ 607
6.750% 2026 Senior Secured Notes	Cliffs	**6.99%**	**829**	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%**	**370**	500
4.875% 2031 Senior Notes	Cliffs	**4.88%**	**339**	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]**	**2,245**	1,609
Total principal amount			**4,731**	5,369
Unamortized discounts and issuance costs			**(63)**	(131)
Total long-term debt			**$ 4,668**	$ 5,238

[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 was2.75% and 1.87%, respectively, as of June 30, 2022 and December 31, 2021.

Debt Extinguishments

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

	(In Millions)			
	Three Months Ended June 30, 2022		**Six Months Ended June 30, 2022**	
Debt Instrument	**Debt Extinguished**	**Gain (Loss) on Extinguishment**	**Debt Extinguished**	**Gain (Loss) on Extinguishment**
9.875% 2025 Senior Secured Notes	**$ 607**	**$ (85)**	**$ 607**	**$ (85)**
6.750% 2026 Senior Notes	**16**	**(1)**	**16**	**(1)**
1.500% 2025 Convertible Senior Notes	**—**	**—**	**294**	**(16)**
4.625% 2029 Senior Notes	**130**	**8**	**130**	**8**
4.875% 2031 Senior Notes	**161**	**12**	**161**	**12**
IRBs due 2024 to 2028	**—**	**—**	**66**	**2**
Total	**$ 914**	**$ (66)**	**$ 1,274**	**$ (80)**

ABL Facility

As of June 30, 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)
	June 30, 2022
Available borrowing base on ABL Facility[1]	$ 4,500
Borrowings	(2,245)
Letter of credit obligations[2]	(178)
Borrowing capacity available	$ 2,077

[1] As of June 30, 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.

[2] We 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 June 30, 2022:

	(In Millions)
	Maturities of Debt
2022 (remaining period of year)	$ —
2023	—
2024	—
2025	2,245
2026	829
Thereafter	1,657
Total maturities of debt	$ 4,731

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:

		(In Millions)			
		June 30, 2022		December 31, 2021	
	Classification	Carrying Value	Fair Value	Carrying Value	Fair Value
Senior notes	Level 1	$ 2,423	$ 2,331	$ 3,561	$ 3,911
IRBs due 2024 to 2028	Level 1	—	—	68	66
ABL Facility - outstanding balance	Level 2	2,245	2,245	1,609	1,609
Total		$ 4,668	$ 4,576	$ 5,238	$ 5,586

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 June 30,		Six Months Ended June 30,	
	2022	2021	**2022**	2021
Service cost	**$ 12**	$ 14	**$ 24**	$ 28
Interest cost	**31**	26	**63**	52
Expected return on plan assets	**(92)**	(90)	**(184)**	(180)
Amortization:				
Net actuarial loss	**3**	8	**7**	16
Net periodic benefit credits	**$ (46)**	$ (42)	**$ (90)**	$ (84)

OPEB Costs (Credits)

	(In Millions)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	**2022**	2021
Service cost	**$ 10**	$ 12	**$ 21**	$ 25
Interest cost	**20**	19	**40**	37
Expected return on plan assets	**(9)**	(10)	**(19)**	(20)
Amortization:				
Net actuarial loss (gain)	**(3)**	1	**(6)**	2
Net periodic benefit costs	**$ 18**	$ 22	**$ 36**	$ 44

Based on funding requirements, we made no defined benefit pension contributions for the three and six months ended June 30, 2022. Based on funding requirements, we made defined benefit pension contributions of $7 million and $153 million for the three and six months ended June 30, 2021, respectively. As a result of the CARES Act (Coronavirus Aid, Relief, and Economic Security 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 and $56 million to our voluntary employee benefit association trust plans for the three and six months ended June 30, 2022, respectively. For both the three and six months ended June 30, 2021, we made contributions of $5 million for our voluntary employee benefit association trust plans .

NOTE 11 - INCOME TAXES

Our 2022 estimated annual effective tax rate before discrete items as of June 30, 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 June 30, 2021 was 21%. 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)	
	June 30, 2022	December 31, 2021
Asset retirement obligations[1]	**$ 532**	$ 449
Less: current portion	**30**	35
Long-term asset retirement obligations	**$ 502**	$ 414

[1] Includes $290 million and $293 million related to our active operations as of June 30, 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
Increase from acquisitions	**—**	57
Accretion expense	**15**	8
Reclassification from environmental obligations	**63**	—
Revision in estimated cash flows	**21**	—
Remediation payments	**(16)**	(10)
Asset retirement obligation as of June 30	**$ 532**	$ 397

The increase from revision in estimated cash flows primarily relates to rising electricity costs associated with required water management systems related to closed coal mines in Pennsylvania.

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	June 30, 2022 Notional Amount	December 31, 2021 Notional Amount
Natural Gas	MMBtu	July 2022 - May 2025	**134,880,000**	92,591,000
Zinc	Metric tons	July 2022 - December 2022	**8,046**	16,092
Electricity	Megawatt hours	January 2023 - December 2023	**432,043**	—

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

	(In Millions)	
Balance Sheet Location	**June 30, 2022**	December 31, 2021
Other current assets	**$ 77**	$ 40
Other non-current assets	**46**	—
Other current liabilities	**(54)**	(10)
Other non-current liabilities	**(19)**	(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 and six months ended June 30, 2022, we repurchased 7.5 million and 8.5 million common shares, respectively, at a cost of $157 million and $176 million in the aggregate, respectively.

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 million shares of Serial Preferred Stock, Class A, without par value, authorized and 4 million 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 June 30,		Six Months Ended June 30,	
	2022	2021	**2022**	2021
Foreign Currency Translation				
Beginning balance	**$ 1**	$ 2	**$ 1**	$ 3
Other comprehensive loss before reclassifications	**(2)**	—	**(2)**	(1)
Ending balance	**$ (1)**	$ 2	**$ (1)**	$ 2
Derivative Instruments				
Beginning balance	**$ 164**	$ 6	**$ 68**	$ (1)
Other comprehensive income (loss) before reclassifications	**(30)**	64	**138**	74
Income tax	**8**	(13)	**(31)**	(15)
Other comprehensive income before reclassifications, net of tax	**(22)**	51	**107**	59
Gains reclassified from AOCI to net income [1]	**(42)**	(5)	**(84)**	(6)
Income tax expense[2]	**9**	1	**18**	1
Net gains reclassified from AOCI to net income	**(33)**	(4)	**(66)**	(5)
Ending balance	**$ 109**	$ 53	**$ 109**	$ 53
Pension and OPEB				
Beginning balance	**$ 550**	$ (128)	**$ 549**	$ (135)
Net actuarial loss reclassified from AOCI to net income [3]	**—**	9	**1**	18
Income tax benefit[2]	**—**	(2)	**—**	(4)
Net losses reclassified from AOCI to net income	**—**	7	**1**	14
Ending balance	**$ 550**	$ (121)	**$ 550**	$ (121)
Total AOCI Ending Balance	**$ 658**	$ (66)	**$ 658**	$ (66)

[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 $7 million and $22 million for the three and six months ended June 30, 2022, respectively, compared to $15 million and $32 million for the three and six months ended June 30, 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)	
	June 30, 2022	December 31, 2021
Cash and cash equivalents	**$ —**	$ —
Inventories	**29**	20
Property, plant and equipment, net	**295**	300
Accounts payable	**(18)**	(12)
Other assets (liabilities), net	**(19)**	(12)
Noncontrolling interests	**(287)**	(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 June 30,		**Six Months Ended June 30,**	
	2022	2021	**2022**	2021
Income from continuing operations	**$ 600**	$ 794	**$ 1,413**	$ 851
Income from continuing operations attributable to noncontrolling interest	**(5)**	(15)	**(18)**	(31)
Net income from continuing operations attributable to Cliffs shareholders	**595**	779	**1,395**	820
Income from discontinued operations, net of tax	**1**	1	**2**	1
Net income attributable to Cliffs shareholders	**$ 596**	$ 780	**$ 1,397**	$ 821
Weighted average number of shares:				
Basic	**523**	500	**522**	495
Redeemable preferred shares	**—**	58	**—**	58
Convertible senior notes [1]	**—**	22	**4**	21
Employee stock plans	**3**	5	**3**	5
Diluted	**526**	585	**529**	579
Earnings per common share attributable to Cliffs shareholders - basic [2]:				
Continuing operations	**$ 1.14**	$ 1.40	**$ 2.67**	$ 1.48
Discontinued operations	**—**	—	**—**	—
	$ 1.14	$ 1.40	**$ 2.67**	$ 1.48
Earnings per common share attributable to Cliffs shareholders - diluted:				
Continuing operations	**$ 1.13**	$ 1.33	**$ 2.64**	$ 1.42
Discontinued operations	**—**	—	**—**	—
	$ 1.13	$ 1.33	**$ 2.64**	$ 1.42

[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 and six months ended June 30, 2021, basic earnings per share is calculated by dividing *Net income attributable to Cliffs shareholders*, less $82 million and $86 million, respectively, 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)	
	June 30, 2022	December 31, 2021
Environmental obligations	**$ 140**	$ 207
Less: current portion	**17**	20
Long-term environmental obligations	**$ 123**	$ 187

The decrease in environmental obligations relates to a reclassification of $ 63 million from environmental to asset retirement obligations as of June 30, 2022.

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 was approved by the court with an effective date of May 6, 2022. The consent decree requires specified enhancements to the mill's wastewater treatment systems and payment of 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. The ELPC/HEC civil litigation was dismissed with prejudice on May 12, 2022. 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 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.

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

We have evaluated subsequent events through the date of financial statement issuance.

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 27,000 people across our operations in the United States and Canada.

Economic Overview

While steel market conditions have been volatile over the first six months of 2022, fundamentals remain healthier than historical levels. The price for domestic HRC, the most significant index in driving our revenues and profitability, averaged $1,262 per net ton for the first six months of 2022, 6% lower than the same period last year but well above the prior ten-year average of $712 per net ton. After climbing to $1,492 per net ton in April 2022, HRC prices have since receded to a one-year low below $1,000 per net ton. The large decline in spot price was driven by service center destocking, interest rate hikes driving caution on new business, declining metallics prices and scheduled summer manufacturing outages. Continued automotive supply chain difficulties have also limited the demand for steel from automotive manufacturers.

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 six months of 2022, North American light vehicle production was approximately 7.1 million units, the highest first-half production volume since the first half of 2019. 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 caused several outages amongst light vehicle manufacturers. The long-term outlook for the automotive industry remains positive as pent-up demand is strong due to ongoing production and supply chain issues. As the largest supplier of automotive-grade steel in the U.S., we expect to benefit from the increased production in coming years.

During the first six months of 2022, light vehicle sales in the U.S. saw a seasonally adjusted annualized rate of 13.8 million units sold, with 2.9 million passenger cars and 10.9 million light trucks sold, representing an 18% decrease over the first six months of 2021 due primarily to decreased availability. Continued production issues have kept inventory near all-time lows, with only 1.15 million units of gross stock at the end of the first six months of 2022.

The ongoing 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, an important feedstock for flat-rolled steel producing minimills, is sourced from Russia and Ukraine. Early during the second quarter of 2022, imported pig iron prices peaked at $1,045 per metric ton, the highest level since Fastmarkets AMM began assessing the pig iron market in September 2017. Imported pig iron prices declined to $875 per metric ton by the end of the second quarter of 2022 and were $515 per metric ton in the most recently available reported data, which is above the historical average of $440 per metric ton from September 2017 to December 2021. Higher than historical imported pig iron costs should continue to support a higher HRC price. Unlike other flat-rolled 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 our primary raw materials.

The price for busheling scrap, a necessary input for flat-rolled steel production in EAFs in the U.S., has remained significantly higher than the historical ten-year average of $380 per long ton. The Fastmarkets AMM Cleveland busheling price peaked at $795 per long ton in April 2022 before declining to $670 per long ton at the end of the second quarter. As a replacement to imported pig iron, we expect the busheling scrap price will remain elevated relative to historical levels as the availability of imported pig iron from Russia and Ukraine remains disrupted. We expect 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 have primarily 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 elevated price of busheling 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 reached $162 per metric ton during the second quarter of 2022, which has been another important factor in steel prices remaining above historical averages. The Platts 62% price averaged $140 per metric ton in the first six months of 2022, which is 43% higher than the historical 10-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.

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. The best example is our legacy business of producing iron ore pellets, which is our primary steelmaking raw material input. By controlling 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. FPT has 22 facilities located primarily in the Midwest near our steel facilities, which gives us an increased advantage in logistics. 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 in 2021, we were able to significantly improve our fixed price contracts, which should continue to benefit us throughout 2022. Demand for our automotive-grade steel is expected to increase in the second half of 2022 from pent-up automotive demand as a result of supply chain issues. 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, galvanneal, 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 and 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 the 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

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 remains largely disrupted, driving volatility in input costs and reducing availability for our competitors’ ferrous inputs. We, on the other hand, produce our pig iron in-house in the U.S., supported by internally sourced iron ore and HBI and supplemented with internally sourced scrap. While competitors are forced to scramble for materials, we are able to take advantage of our vertically integrated footprint.

We began construction of our HBI 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 U.S. HBI, which is a lower-carbon alternative to imported pig iron, has now 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.

With our acquisition of FPT, we have ample access to scrap along with internally sourced HBI. The use of higher amounts of these raw materials 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.

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 U.S. steel industry 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 have grown 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 steel 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. On a per ton basis, we reduced our blast furnace and BOF Scope 1 and Scope 2 GHG intensity from 1.82 per ton in 2020 to 1.67 per ton in 2021.

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 cyclicality 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 healthy 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. During the first six months of 2022, we reduced the outstanding principal of our long-term debt by $638 million.

Recent Developments

Financing Transactions

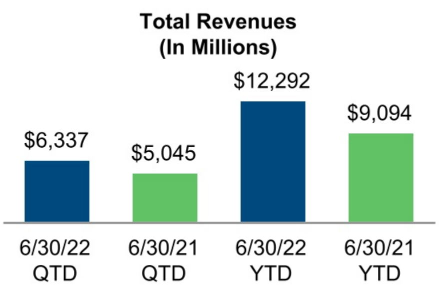
On April 20, 2022, we redeemed all $607 million aggregate principal amount outstanding of the 9.875% 2025 Senior Secured Notes. The total payment made to holders of the notes, including the redemption premium, was $677 million. The notes were redeemed with available liquidity. The cash interest associated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

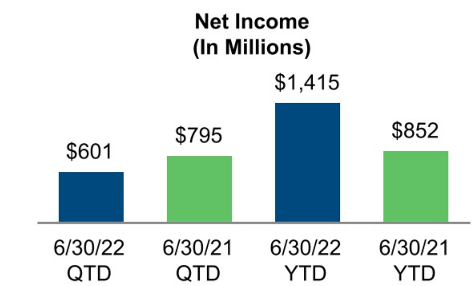
Additionally, during the second quarter of 2022, we repurchased $307 million aggregate principal amount of our outstanding senior notes of various series with available liquidity.

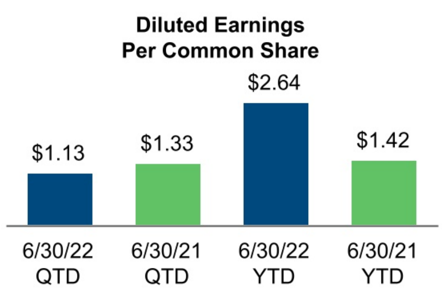
Results of Operations

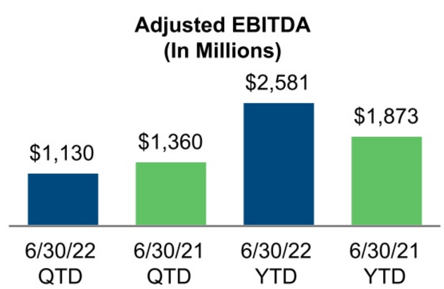
Overview

Our total revenues, net income, diluted EPS and Adjusted EBITDA for the three and six months ended June 30, 2022 and 2021 were as follows:









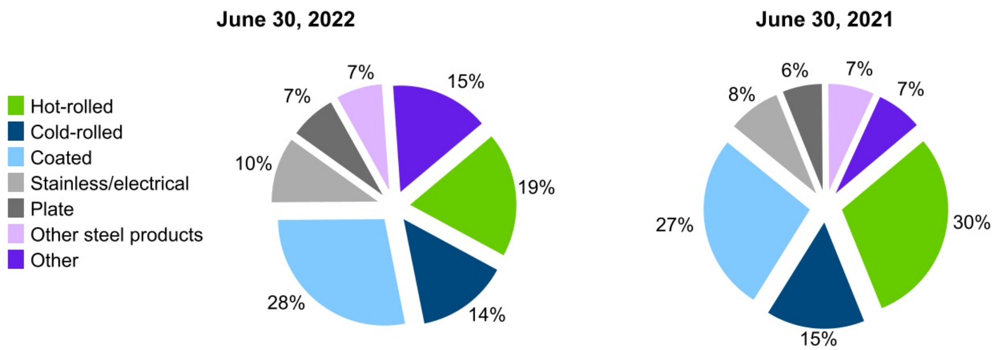
See "— Results of Operations — Adjusted EBITDA" below for a reconciliation of our *Net income* to Adjusted EBITDA.

Revenues

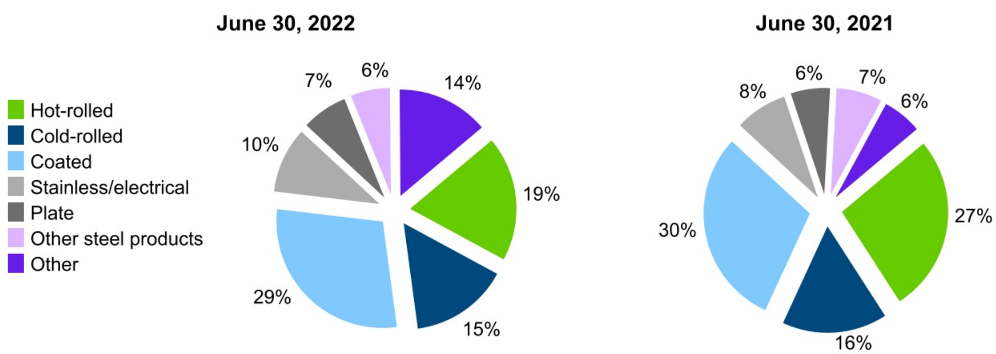
During the three and six months ended June 30, 2022, our consolidated *Revenues* increased by $1,292 million and $3,198 million, respectively, compared to the prior-year periods. Both the three and six months ended June 30, 2022, were positively impacted by the incremental revenue associated with the FPT Acquisition, which occurred on November 18, 2021. The increase for the three months ended June 30, 2022, was also impacted by the increase in the average steel product selling price of $369 per net ton, partially offset by a decrease of 564 thousand net tons of steel shipments from our Steelmaking segment. The increase for the six months ended June 30, 2022, was also impacted by the increase in the average steel product selling price of $449 per net ton, partially offset by a decrease of 1,071 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:



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



The increase in *Revenues* from our Other product line for the three and six months ended June 30, 2022, as compared to the prior-year periods, is primarily related to the inclusion of results for the FPT Acquisition in 2022.

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 June 30,				**Six Months Ended June 30,**			
	2022		2021		**2022**		2021	
	Revenue	**%**	Revenue	%	**Revenue**	**%**	Revenue	%
Automotive	**$ 1,768**	**28 %**	$ 1,226	24 %	**$ 3,497**	**29 %**	$ 2,629	29 %
Infrastructure and manufacturing	**1,629**	**26 %**	1,323	26 %	**3,186**	**26 %**	2,307	25 %
Distributors and converters	**1,863**	**29 %**	1,964	39 %	**3,716**	**30 %**	3,256	36 %
Steel producers	**1,077**	**17 %**	532	11 %	**1,893**	**15 %**	902	10 %
Total revenues	**$ 6,337**		$ 5,045		**$ 12,292**		$ 9,094	

The increase in *Revenues* from the steel producers market for the three and six months ended June 30, 2022, as compared to the prior-year periods, is primarily related to the inclusion of results for the FPT Acquisition in 2022.

Operating Costs

Cost of goods sold

During the three and six months ended June 30, 2022, *Cost of goods sold* increased by $1,508 million and $2,453 million, respectively, as compared to the prior-year periods. Both the three and six months ended June 30, 2022, were impacted by the incremental *Cost of goods sold* associated with the FPT Acquisition, which occurred on November 18, 2021. The increases for both the three and six months ended June 30, 2022, as compared to the prior-year periods, were also impacted by higher raw materials and utility costs, including natural gas, coal, coke, alloys and scrap, coupled with increased investment in maintenance, excess and idle costs and labor costs.

Selling, general and administrative expenses

During the three and six months ended June 30, 2022, *Selling, general and administrative expenses* increased by $2 million and $16 million, respectively, as compared to the prior-year periods.

Miscellaneous – net

During the three and six months ended June 30, 2022, *Miscellaneous – net* increased by $9 million and $39 million, respectively, as compared to the prior-year periods. The increase in miscellaneous expense for the six months ended June 30, 2022, 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

During the three and six months ended June 30, 2022, *Interest expense, net* decreased by $21 million and $36 million, respectively, as compared to the prior-year periods. The decrease was primarily due to debt restructuring activities during 2021 and 2022, which reduced interest expense on our senior notes.

Gain (loss) on extinguishment of debt

The loss on extinguishment of debt of $66 million for the three months ended June 30, 2022 resulted from the redemption in April 2022 of all $607 million aggregate principal amount of our outstanding 9.875% 2025 Senior Secured Notes, partially offset by the net gain on extinguishment for the repurchase of $307 million aggregate principal amount of our outstanding senior notes of various series. The loss on extinguishment of debt of $80 million for the six months ended June 30, 2022 was also impacted by 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 $22 million for the three months ended June 30, 2021 resulted from the redemption of all of the $396 million aggregate principal amount outstanding of our 5.750% 2025 Senior Notes and the repurchase of $25 million aggregate principal amount of our outstanding 9.875% 2025 Senior Secured Notes. The loss on extinguishment of debt of $88 million for the six months ended June 30, 2021 was also impacted by the redemptions in the first quarter of 2021 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 June 30,		Six Months Ended June 30,	
	2022	2021	**2022**	2021
Income tax expense	**$ (157)**	$ (216)	**$ (394)**	$ (225)
Effective tax rate	**21 %**	21 %	**22 %**	21 %

Our 2022 estimated annual effective tax rate before discrete items at June 30, 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 June 30, 2021 was 21%. 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 June 30,		Six Months Ended June 30,	
	2022	2021	**2022**	2021
Net income	**$ 601**	$ 795	**$ 1,415**	$ 852
Less:				
Interest expense, net	**(64)**	(85)	**(141)**	(177)
Income tax expense	**(157)**	(216)	**(394)**	(225)
Depreciation, depletion and amortization	**(250)**	(208)	**(551)**	(425)
Total EBITDA	**$ 1,072**	$ 1,304	**$ 2,501**	$ 1,679
Less:				
EBITDA of noncontrolling interests[1]	**$ 13**	$ 21	**$ 35**	$ 43
Asset impairment	**—**	—	**(29)**	—
Loss on extinguishment of debt	**(66)**	(22)	**(80)**	(88)
Severance costs	**(6)**	(1)	**(7)**	(12)
Acquisition-related costs excluding severance costs	**—**	—	**(1)**	(2)
Acquisition-related loss on equity method investment	**—**	(18)	**—**	(18)
Amortization of inventory step-up	**—**	(37)	**—**	(118)
Impact of discontinued operations	**1**	1	**2**	1
Total Adjusted EBITDA	**$ 1,130**	$ 1,360	**$ 2,581**	$ 1,873
[1] EBITDA of noncontrolling interests includes the following:				
Net income attributable to noncontrolling interests	**$ 5**	$ 15	**$ 18**	$ 31
Depreciation, depletion and amortization	**8**	6	**17**	12
EBITDA of noncontrolling interests	**$ 13**	$ 21	**$ 35**	$ 43

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

	(In Millions)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	**2022**	2021
Adjusted EBITDA:				
Steelmaking	**$ 1,108**	$ 1,360	**$ 2,531**	$ 1,862
Other Businesses	**20**	8	**49**	19
Eliminations[1]	**2**	(8)	**1**	(8)
Total Adjusted EBITDA	**$ 1,130**	$ 1,360	**$ 2,581**	$ 1,873

[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.

Adjusted EBITDA from our Steelmaking segment for the three and six months ended June 30, 2022 decreased by $252 million and increased by $669 million, respectively, as compared to the prior-year periods. The changes were primarily attributable to lower gross margin of $225 million and a higher gross margin of $722 million for the three and six months ended June 30, 2022, respectively, as compared to the prior-year periods. Our Steelmaking Adjusted EBITDA included *Selling, general and administrative expenses* of $100 million and $214 million for the three and six months ended June 30, 2022, respectively, and $96 million and $195 million for the three and six months ended June 30, 2021, respectively.

Steelmaking

The following is a summary of our Steelmaking segment operating results for the three months ended June 30, 2022 and 2021:

	Three Months Ended June 30,		
	2022	2021	**% Change**
Steel shipments (in thousands of net tons)	**3,641**	4,205	(13) %
Average selling price per net ton of steel products	**$ 1,487**	$ 1,118	33 %
Revenues (in millions)	**$ 6,176**	$ 4,922	25 %
Cost of goods sold (in millions)	**$ (5,209)**	$ (3,730)	40 %
Gross margin (in millions)	**$ 967**	$ 1,192	(19) %
Gross margin percentage	**16 %**	24 %	
Adjusted EBITDA (in millions)	**$ 1,108**	$ 1,360	(19) %

Gross margin decreased by $225 million, or 19%, during the three months ended June 30, 2022, as compared to the prior-year period, primarily due to:

- An increase in selling prices (approximately $1.4 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 $200 million impact), predominantly driven by lower shipments to the distributors and converters end market due to high inventory levels; and
- Increased costs of production (approximately $1.4 billion impact) driven by higher raw materials and utility costs, including natural gas, coal, coke, alloys and scrap, coupled with increased investment in maintenance, excess and idle costs and labor costs.

The following is a summary of our Steelmaking segment operating results for the six months ended June 30, 2022 and 2021:

	Six Months Ended June 30,		
	2022	2021	**% Change**
Steel shipments (in thousands of net tons)	**7,278**	8,349	(13) %
Average selling price per net ton of steel products	**$ 1,466**	$ 1,017	44 %
Revenues (in millions)	**$ 11,970**	$ 8,841	35 %
Cost of goods sold (in millions)	**$ (9,781)**	$ (7,374)	33 %
Gross margin (in millions)	**$ 2,189**	$ 1,467	49 %
Gross margin percentage	**18 %**	17 %	
Adjusted EBITDA (in millions)	**$ 2,531**	$ 1,862	36 %

Gross margin increased by $722 million, or 49%, durin g the six months ended June 30, 2022, as compared to the prior-year perio d, primarily due to:

- An increase in selling prices (approximately $3.4 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 $500 million impact), predominantly driven by lower shipments to the distributors and converters end market due to high inventory levels; and

- Increased costs of production (approximately $2.3 billion impact) driven by higher raw materials and utility costs, including natural gas, coal, coke, alloys and scrap, coupled with increased investment in maintenance, excess and idle costs 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 the first quarter of 2022, we redeemed all $294 million in aggregate principal amount outstanding of our 1.500% 2025 Convertible Senior Notes and all $66 million aggregate principal amount outstanding of the IRBs due 2024 to 2028. Second, in April 2022, we redeemed all $607 million remaining aggregate principal amount outstanding of our 9.875% 2025 Senior Secured Notes. Most recently, we repurchased $307 million in aggregate principal amount of our outstanding senior notes of various series at an average price of 92% of par.

Additionally, we have been able to return capital to shareholders through our share repurchase program. During 2022, we repurchased 8.5 million common shares at a cost of $176 million in the aggregate.

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 six months ended June 30, 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 $1,398 million and $132 million for the six months ended June 30, 2022 and 2021, respectively. The period-over-period improvement was driven by improved operating results, along with favorable changes in working capital period-over-period. Favorable changes in working capital included an increase in payables, a decrease in receivables and lower pension contributions as a result of improvements to our pension plans' funded status.

Investing Activities

Net cash used by investing activities was $467 million and $242 million for the six months ended June 30, 2022 and 2021, respectively. We had capital expenditures of $468 million and $298 million for the six months ended June 30, 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 $800 and $900 million.

Financing Activities

Net cash used by financing activities was $932 million for the six months ended June 30, 2022, compared to net cash provided by financing activities of $71 million for the six months ended June 30, 2021. Cash outflows from financing activities for the six months ended June 30, 2022 included $1,319 million for repayments of debt and $176 million for the repurchase of common shares. In the first half of 2022, we used available liquidity to redeem all $607 million remaining aggregate principal amount outstanding of our 9.875% 2025 Senior Secured Notes, 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. We also repurchased $307 million in aggregate principal amount of our outstanding senior notes of various series. Cash inflows for the six months ended June 30, 2022 included net borrowings of $636 million under our ABL Facility.

Net cash provided by financing activities for the six months ended June 30, 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 $190 million under credit facilities. We used available liquidity to redeem all $396 million aggregate principal amount of our 5.75% 2025 Senior Notes. 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)
	June 30, 2022
Cash and cash equivalents	$ 47
Available borrowing base on ABL Facility [1]	$ 4,500
Borrowings	(2,245)
Letter of credit obligations	(178)
Borrowing capacity available	$ 2,077

[1] As of June 30, 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 $47 million as of June 30, 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 $2.1 billion in liquidity entering the third 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 June 30, 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 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 June 30, 2022. Refer to Exhibit 22, incorporated herein by reference, for the detailed list of entities included within the obligated group as of June 30, 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 automatically and unconditionally released and discharged, and such Guarantor subsidiary's obligations under the guarantee and the related indentures (the "Indentures") will be 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)	
	June 30, 2022	December 31, 2021
Current assets	**$ 8,164**	$ 6,539
Non-current assets	**9,865**	12,753
Current liabilities	**(4,023)**	(3,222)
Non-current liabilities	**(8,494)**	(9,081)

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

	(In Millions)
	Six Months Ended
	June 30, 2022
Revenues	$ 11,372
Cost of goods sold	(9,256)
Income from continuing operations	1,239
Net income	1,240
Net income attributable to Cliffs shareholders	1,240

As of June 30, 2022 and December 31, 2021, the obligated group had the following balances with non-Guarantor subsidiaries and other related parties:

	(In Millions)	
	June 30, 2022	December 31, 2021
Balances with non-Guarantor subsidiaries:		
Accounts receivable, net	$ 401	$ 199
Accounts payable	(649)	(186)
Balances with other related parties:		
Accounts receivable, net	$ 8	$ 3
Accounts payable	(9)	(7)

Additionally, for the six months ended June 30, 2022, the obligated group had *Revenues* of $82 million and *Cost of goods sold* of $59 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 into 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. During the second quarter of 2022, we initiated a hedge program for electricity. 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 June 30, 2022, due to a 10% and 25% change in the market price of each of the indicated commodities:

	(In Millions)	
Commodity Derivative	**10% Change**	**25% Change**
Natural gas	**$ 66**	**$ 165**
Electricity	**3**	**7**
Zinc	**3**	**6**

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 carrying value, 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 six months ended June 30, 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 June 30, 2022, we had $2,245 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 June 30, 2022 borrowing level would result in a change of $23 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 United States-Mexico-Canada Agreement 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 June 30, 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*

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]
April 1 - 30, 2022	418	$ 32.34	—	$ 981,024,500
May 1 - 31, 2022	2,002,667	$ 21.98	2,000,000	$ 937,134,000
June 1 - 30, 2022	5,500,081	$ 20.55	5,500,000	$ 824,243,050
Total	**7,503,166**	**$ 20.93**	**7,500,000**	

[1] Includes 418 shares that were delivered to us in April 2022, 2,667 shares that were delivered to us in May 2022, and 81 shares that were delivered to us in June 2022 to satisfy tax withholding obligations due upon the vesting or payment of stock awards.

[2] On February 11, 2022, we announced that the Board 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 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.

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	* Separation and Release Agreement, by and between Maurice D. Harapiak and Cleveland-Cliffs Inc., dated May 5, 2022 (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 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 July 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 July 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 July 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 July 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 June 30, 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.

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* 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: July 26, 2022

Exhibit 10.1

EXECUTION COPY

SEPARATION AND RELEASE AGREEMENT

BEFORE SIGNING THIS SEPARATION AND RELEASE AGREEMENT (THE "AGREEMENT"), YOU ARE ADVISED TO CONSULT WITH AN ATTORNEY.

This Agreement is entered into knowingly and voluntarily by and between Maurice D. Harapiak ("Employee") and Cleveland-Cliffs Inc. (the "Company"). Employee and the Company are referred to each individually as a "Party" and collectively as the "Parties."

RECITALS

A. Employee's employment with the Company was terminated by the Company without cause effective April 22, 2022 (the "Termination Date"). As of the Termination Date, Employee ceased to serve as Executive Vice President, Human Resources & Chief Administration Officer of the Company, and shall promptly resign from any other position that he may have held with the Company or any of its affiliates, including those identified in Section III.A below.

B. The Company desires Employee to cooperate with the Company following the Termination Date to help effect a smooth transition and to assist the Company, on the terms described herein, with respect to disputes that may arise regarding matters that were under his responsibility during his employment.

C. The Company desires to offer Employee the payments and benefits described herein in connection with Employee's termination of employment.

D. Receipt of the payments and benefits described herein requires (i) execution, (ii) delivery to the Company, and (iii) non-revocation of this Agreement, all within the time frames specified herein.

AGREEMENT

I. TERMINATION, SEVERANCE PAYMENTS AND BENEFITS

A. As of the Termination Date, Employee's employment with the Company ceased, he ceased to be the Executive Vice President, Human Resources & Chief Administration Officer of the Company, and he shall promptly resign from any other positions that he may hold with the Company or any of its affiliates, including those identified in Section III.A below, as of the Termination Date. Employee agrees to execute any further documents required to effectuate such resignations as reasonably may be requested by the Company or any of its affiliates. As of the Termination Date, Employee shall be released from his duties with the Company except as expressly provided in this Agreement and cease to have any authority to conduct business on behalf of the Company. Employee will continue to receive his base salary and employee benefits, in the ordinary course of business consistent with past practice, through the Termination Date.

B. Subject to Section I.C., Employee shall receive the following payments (collectively, the "Payments") and benefits (collectively, the "Benefits") if Employee (i) executes this Agreement no earlier than the calendar day following the Termination Date and no later than the day after the end of the time period described in Section VI.A., and (ii) does not revoke this Agreement prior to the "Effective Date" (as defined in Section VI.D.):

1. A cash payment equal to $3,780,000, which is equal to 3 times Base Pay ($630,000 * 3 = $1,890,000) plus 3 times an additional amount that represents an annual incentive bonus payable at target ($630,000 * 100% * 3 = $1,890,000). The cash payment shall be made in a single lump

sum, less applicable federal, state, and local withholdings and deductions, within 30 days after the Effective Date.

2. For a period of 36 months following the Termination Date (the "Continuation Period"), the Company shall provide Employee and his eligible dependents with continued coverage under the Company's medical, dental, and vision benefits ("Continuation Benefits") as may be in effect from time to time, and the Company shall pay the full premium for such Continuation Benefits, subject to the requirements of this Section I.B.2. The Company's payment of such premiums shall be considered taxable to Employee. As a condition to the Company's obligations under this Section I.B.2, (a) within 30 days following the Effective Date, Employee must pay the Company or its designee the amount of taxes that the Company will be required to withhold and remit to the applicable tax authorities with respect to the premiums the Company will pay for the Continuation Benefits provided in 2022, and (b) in January of each calendar year during the Continuation Period (starting with January 2023), Employee must pay the Company or its designee the amount of taxes that the Company will be required to withhold and remit to the applicable tax authorities with respect to the premiums the Company will pay for the Continuation Benefits provided during each such calendar year. Providing the Continuation Benefits under this Section I.B.2 shall count against the Company's and such plan's obligations to provide COBRA continuation coverage for Employee and Employee's COBRA qualified beneficiaries.

3. Performance Shares.

(a) For Employee's performance share ("PSU") award granted in 2020, Employee shall be entitled to continue to earn the PSU award (including any applicable dividend equivalent rights that would have been paid on the earned PSUs had the earned PSUs been issued and outstanding Common Shares on the record date for the dividend or distribution) held by him on the Termination Date and listed on Schedule I based on actual performance through the entire applicable performance period of such award (rather than proration); with the number of shares so earned to be paid in the manner and at the time (but not prior to the Effective Date) specified by the terms of such PSU award.

(b) For Employee's PSU awards granted in 2021 and 2022, Employee shall be entitled to earn such PSU awards (including any applicable dividend equivalent rights that would have been paid on the earned PSUs had the earned PSUs been issued and outstanding Common Shares on the record date for the dividend or distribution) held by him on the Termination Date and listed on Schedule I based on actual performance through the entire applicable performance period of each such award, in each case with the number of shares earned for each such PSU award being prorated by multiplying (1) the number of shares earned, without regard to this sentence, by (2) the quotient of (A) 16 for PSU awards granted in 2021 and 4 for PSU awards granted in 2022, divided by (B) 36, rounded down to the nearest whole share; with the number of prorated shares so earned to be paid in the manner and at the time specified by the terms of each such award.

4. Restricted Stock Units.

(a) For Employee's restricted stock unit ("RSU") award granted in 2020, Employee shall be entitled to accelerated vesting of such RSU award (including any applicable dividend equivalent rights that would have been paid on the RSUs had the RSUs been issued and outstanding Common Shares on the record date for the dividend or distribution) held by him on the Termination Date and listed on Schedule I; with the number of RSUs so vested to be paid on October 28, 2022.

(b) For Employee's RSU awards granted in 2021 and 2022, Employee shall be entitled to vest in the RSU awards (including any applicable dividend equivalent rights that would have been paid on the RSUs had the RSUs been issued and outstanding Common Shares on the record date for the dividend or distribution) held by him on the Termination Date and listed on Schedule I, with the number of RSUs vested for each such RSU award being prorated by multiplying (1) the number of RSUs subject to the applicable award, by (2) the quotient of (A) 16 for RSU awards granted in 2021 and 4 for RSU awards granted in 2022, divided by (B) 36, rounded down to the nearest whole share; with the number of prorated RSUs so vested to be paid on October 28, 2022.

5. Performance Cash.

(a) For Employee's performance cash ("Performance Cash") award granted in 2020, Employee shall be entitled to continue to earn the Performance Cash award held by him on the Termination Date and listed on Schedule I based on actual performance through the entire applicable performance period of such award (rather than proration); with the amount of cash so earned to be paid in the manner and at the time (but not prior to the Effective Date) specified by the terms of such Performance Cash award.

(b) For Employee's Performance Cash awards granted in 2021 and 2022, Employee shall be entitled to earn such Performance Cash awards held by him on the Termination Date and listed on Schedule I, with the amount of cash earned in the case of each such Performance Cash award being prorated by multiplying (1) the amount of cash earned, without regard to this sentence, by (2) the quotient of (A) 16 for Performance Cash awards granted in 2021 and 4 for Performance Cash awards granted in 2022, divided by (B) 36; with the amount of prorated Performance Cash so earned to be paid in the manner and at the time specified by the terms of each such award.

6. With respect to the annual incentive opportunity granted to Employee for 2022 pursuant to the Executive Management Performance and Incentive Plan (the "EMPI," and such 2022 incentive opportunity the "EMPI Award"), Employee shall be entitled to earn such EMPI Award in an amount equal to the payment Employee would have earned during the full applicable plan year under the EMPI had Employee continued in the active employ of the Company through the end such plan year (as determined by the Committee in accordance with Section 8 of the EMPI) multiplied by the quotient of (a) 112, divided by (b) 365, with such prorated EMPI Award payment to be paid at the time the EMPI Award would have otherwise been paid to Employee but for the occurrence of the Termination Date.

7. Employee shall continue to be covered by any provision for indemnification by the Company in effect on the date of the execution of this Agreement. In addition, the Company shall continue to maintain D&O coverage that covers Employee to substantially the same extent that it covers present executives. Finally, in the event of a change in control of the Company in which the Company is not the survivor, the Company shall use its reasonable best efforts to require as part of such transaction that the surviving company provide indemnification and D&O coverage that covers Employee.

8. As provided in the Company's 2012 Non-Qualified Deferred Compensation Plan (the " NQDC Plan"), the Company shall pay to Employee the full amount of his balance in the NQDC Plan

in accordance with Section 6.1(a) of the NQDC Plan in the form of payment specified in Section 6.2 of the Plan.

9. As provided in the Company's Supplemental Retirement Benefit Plan (the " SERP"), the Company shall pay to Employee the full amount of his balance in the SERP in accordance with Section 3 of the SERP.

10. Employee shall be entitled to a cash payment of $45,000 for financial planning and advice, in particular regarding this Agreement. The cash payment shall be made in a single lump sum, less applicable federal, state, and local withholdings and deductions, within 30 days after the Effective Date.

C. Should Employee breach any of the covenants contained in Sections VII (relating to the covenant of confidentiality), IX (relating to the covenant to cooperate with the Company after the Termination Date), XI (relating to the covenant not to disparage the Company), XII (relating to the covenant not to solicit employees), and Section XIII (relating to the covenant not to compete) of this Agreement, Employee shall be required to return the Payments described in Section I.B.1 and the value of the Benefits already received under this Agreement in excess of 1 month's Base Pay within 7 days of demand by the Company, and shall receive no further Payments or Benefits under this Agreement. Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement or in any related or ancillary agreement or plan prevents Employee 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 Employee is not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Securities Exchange Act of 1934, as amended.

D. Subject to Section I.C., should Employee die prior to receipt of the Payments set forth in Section I.B., then the Payments will be payable to Employee's estate or otherwise inure to the benefit of his heirs.

E. The term "Base Pay" shall mean Employee's rate of annual base salary in effect as of the Termination Date. Base Pay does not include pension contributions made by the Company, welfare or other fringe benefits paid for by the Company, expense reimbursements, overtime pay, bonuses, commissions, incentive pay, or any other special compensation.

II. REPRESENTATIONS AND WARRANTIES

Employee understands, acknowledges and agrees that:

- Employee has the sole right and exclusive authority to execute this Agreement.
- The Company is not obligated to pay, and will not pay, to Employee any Payment or Benefits until this Agreement becomes effective.
- Employee executes this Agreement knowingly and voluntarily, in order to induce the Company to provide the Payments and Benefits.
- Employee has not sold, assigned, transferred, conveyed or otherwise disposed of any of the claims, demands, obligations or causes of action referred to in this Agreement.
- No other person or entity has an interest in the claims, demands, obligations or causes of action referred to in this Agreement.

- The Payments and Benefits that Employee will receive in exchange for executing this Agreement are in addition to anything of value to which Employee is already entitled.

- The Payments and Benefits provided for in this Agreement are the only consideration that Employee ever will receive from the Company or any Released Parties (as defined below) for any and all claims, demands, obligations or causes of action released by this Agreement.

- The Payments and Benefits provided for in this Agreement are not intended to be provided in addition to any payments or benefits that now may be due or in the future become due or payable to Employee under the Worker Adjustment and Retraining Notification ("WARN") Act (if applicable). Therefore, if WARN Act payments are or become due to Employee, any Payment and Benefits made under this Agreement in excess of one month's Base Pay, up to the full amount necessary to satisfy such obligation, shall be treated as having been paid in satisfaction of any such obligation, and the rest of the Payments and Benefits shall be treated as having been given in exchange for the other covenants, agreements and obligations of this Agreement.

- This Agreement and its terms shall not be construed as an admission of any liability whatsoever on the part of the Company or any other Released Parties described in this Agreement, by which/whom any liability is and always has been expressly denied.

- With the payments contemplated by this Agreement, the Company will have paid Employee for all vacation and any other paid time off accrued through the Termination Date with the exception of whatever Employee is entitled to receive as a retiree of the Company.

III. RELEASE

A. Employee, for himself, and his marital community (if any), agents, heirs, executors, administrators, and assigns, hereby knowingly and voluntarily fully releases and forever discharges from any and all agreements, debts, claims, demands, actions, judgments, causes of action, and liabilities of every kind or nature, known or unknown, that Employee, individually or as a member of a class, ever had or now has to date, the following (referred to collectively as the "Released Parties"):

- Cleveland-Cliffs Inc.;

- Cliffs Steel Inc.;

- Cleveland-Cliffs Steel Corporation;

- Cleveland-Cliffs Steel LLC;

- Cleveland-Cliffs FPT Services Company;

- Cleveland-Cliffs International Holding Company;

- Cliffs Mining Company;

- The Cleveland-Cliffs Iron Company;

- IronUnits, LLC;

- All affiliates of Cleveland-Cliffs Inc. not already listed above, including any corporation or other entity which is controlled by or under common control with Cleveland-Cliffs Inc., or which is in the same affiliated service group or otherwise required to be aggregated with Cleveland-Cliffs Inc. under Sections 414 or 1563 of the Internal Revenue Code;

- All current or former owners, officers, directors, shareholders, members, employees, managers, agents, attorneys, partners and insurers of the above entities; and

- The predecessors, successors, and assigns of the above entities and individuals and the spouses, children, and family members of the individuals.

B. Without limiting the generality of this Agreement, Employee acknowledges and agrees that this Agreement is intended to bar every claim, demand, and cause of action, including without limitation any and all claims arising under the following laws, as amended from time to time:

- The federal Civil Rights Acts of 1866, 1871, 1964 and 1991 and all similar state civil rights statutes;
- The Employee Retirement Income Security Act of 1974;
- The Rehabilitation Act of 1973;
- The Occupational Safety and Health Act;
- The Mine Safety and Health Act;
- The Health Insurance Portability and Accountability Act;
- The Age Discrimination in Employment Act;
- The Americans with Disabilities Act;
- The National Labor Relations Act;
- The Family and Medical Leave Act;
- The Equal Pay Act;
- The Worker Adjustment and Retraining Notification Act;
- The Lilly Ledbetter Fair Pay Act;
- The Ohio Fair Employment Practices Law (Ohio Rev. Code. §§4112.01, et seq.);
- State wage payment statutes;
- State wage and hour statutes;
- State employment statutes;
- Any statutes regarding the making and enforcing of contracts;
- Any whistleblower statute; and

- All similar provisions under all other federal, state and local laws.

C. Without limiting the generality of this Agreement, Employee further acknowledges and agrees that this Agreement is intended to bar all equitable claims and all common law claims, including without limitation claims of or for:

- Breach of an express or an implied contract;
- Breach of the covenant of good faith and fair dealing;
- Unpaid wages, salary, bonuses (including but not limited to any bonus or payment under the 2021 and 2022 Executive Management Performance Incentive Plans), commissions, vacation or other employee benefits;
- Unjust enrichment;
- Negligent or intentional interference with contractual relations;
- Negligent or intentional interference with prospective economic relations;
- Estoppel;
- Fraud;
- Negligence;
- Negligent or intentional misrepresentation;
- Personal injury;
- Slander;
- Libel;
- Defamation;
- False light;
- Injurious falsehood;
- Invasion of privacy;
- Wrongful discharge;
- Failure to hire;
- Retaliatory discharge;
- Constructive discharge;
- Negligent or intentional infliction of emotional distress;
- Negligent hiring, supervision or retention;

- Loss of consortium;

- Any claims that may relate to drug and/or alcohol testing; and

- Any claims for change in control payments or benefits under any agreement, including without limitation that certain 2016 Change in Control Severance Agreement between Employee and the Company dated August 7, 2016.

D. Employee further understands, acknowledges and agrees that this Agreement contains a general release, and that Employee further waives and assumes the risk of any and all claims which exist as of the date this Agreement is executed, including those of which Employee does not know or suspect to exist, whether through ignorance, oversight, error, negligence, or otherwise, and which, if known, would materially affect Employee's decision to sign this Agreement.

E. Employee further understands, acknowledges and agrees that Employee is not waiving the right to file a charge with or participate in an investigation by any government agency, such as the Equal Employment Opportunity Commission (the "EEOC"), the United States Department of Labor, the Securities and Exchange Commission, or any similar state or federal agency, to participate in a proceeding with such an agency, or to cooperate with any such agency in its investigation. However, through this Agreement Employee waives any right Employee has to recover damages in any lawsuit brought by Employee as well as in a lawsuit brought by any third party, including without limitation the EEOC or any similar state agency. Employee may accept any monetary award offered by the Securities and Exchange Commission pursuant to Section 21F of the Securities Exchange Act of 1934.

F. This Agreement shall not be interpreted to release or require the release of the Company or the Released Parties from any:

- Claims for Payments or Benefits under this Agreement including without limitation any claim for indemnification coverage provided under Section I.B.9.; or

- Claims for benefits under any pension plan or welfare plan of the Company (including any other plan or program covered by the Employee Retirement Income Security Act of 1974);

- Claims that cannot be waived by law; or

- Claims arising after the execution of this Agreement.

IV. REPRESENTATION OF UNDERSTANDING OF RELEASE

Company advises Employee to consult an attorney of Employee's choosing before entering into this agreement and Employee acknowledges that it has done so. Employee represents and warrants that Employee has read all of the terms of this Agreement and that Employee fully understands and voluntarily accepts these terms. Employee further acknowledges and agrees that Employee has been given a reasonable period of time within which to consider this Agreement.

V. RELEASE OF FEDERAL AGE DISCRIMINATION CLAIMS

Employee understands and agrees that a waiver of claims under the Age Discrimination in Employment Act, as amended by the Older Workers Benefit Protection Act (29 U.S.C. § 621, et seq.) (the "ADEA"), is not effective unless it is "knowing and voluntary," and that the ADEA imposes certain minimum requirements for a waiver of ADEA claims to be knowing and voluntary. Employee acknowledges and agrees that Employee is knowingly and voluntarily giving up any rights or claims for relief Employee may have under the ADEA regarding the Company's conduct or the conduct of any Released Parties.

However, Employee acknowledges and agrees that Employee is not giving up the right to challenge the validity of this Agreement under the ADEA.

VI. TIME TO CONSIDER AND CANCEL RELEASE; EFFECTIVE DATE

A. Employee acknowledges that he has been provided at least 21 calendar days from the receipt of this Agreement to decide whether to sign it and is advised to consult with an attorney before doing so. Employee is not to sign this Agreement unless Employee understands its provisions and is doing so voluntarily.

B. This Agreement shall be signed no earlier than the calendar day following the Termination Date, but no later than 21 calendar days after Employee has received it. Further, this Agreement shall be delivered to (or postmarked for delivery to) James Graham, Executive Vice President, Human Resources, Chief Legal and Administrative Officer & Secretary, Cleveland-Cliffs Inc., 200 Public Square, Suite 3300, Cleveland, OH 44114, no later than 21 days after Employee has received it.

C. After Employee has signed this Agreement, Employee has 7 days to change his mind and notify the Company in writing that Employee has revoked this Agreement. If Employee so revokes this Agreement, this Agreement will be null and void, and will have no force or effect. Written notice of a cancellation of this Agreement must actually be received by the Company at the following address and must be postmarked within the time frame described above in order to be effective: James Graham, Executive Vice President, Human Resources, Chief Legal and Administrative Officer & Secretary, Cleveland-Cliffs Inc., 200 Public Square, Suite 3300, Cleveland, OH 44114.

D. If Employee (i) signs and delivers the Agreement within the time frames and in accordance with the provisions of Section VI.B; and (ii) does not revoke this Agreement within the time frames and in accordance with the provisions of Section VI.C., this Agreement shall become effective on the eighth day after Employee signed it (the "Effective Date").

E. Employee understands that if he revokes this Agreement, it shall not be effective or enforceable and Employee will not receive any Payments or Benefits under this Agreement.

VII. CONFIDENTIAL INFORMATION AND COVENANTS

Employee represents that, to the best of Employee's knowledge during Employee's employment with the Company, Employee has not breached any confidentiality agreement to which Employee is a party.

VIII. RETURN OF COMPANY PROPERTY

A. Employee agrees to return to the Company in reasonable working order, within 5 calendar days following the Termination Date, all originals and copies of the Company's property, documents and information in Employee's possession, regardless of the form on which such information has been maintained or stored, including without limitation, computer disks, tapes or other forms of electronic storage, Company credit cards (including telephone credit cards), computer equipment or hardware, tools, equipment, keys, identification, software, computer access codes, disks and instructional manuals, and all other property prepared by, or for, or belonging to the Company; provided, however, that Employee shall retain his mobile phone and laptop, after reasonable cooperation with the Company to remove any confidential information of the Company or its affiliates on such devices. Employee further agrees that, as of the fifth calendar day following the Termination Date, he will not retain any documents or other property belonging to Company. For the avoidance of doubt, Employee shall not be required to return to the Company items not material to the business of the Company or its affiliates that are of nominal or sentimental value.

B. Employee must comply fully with this Section VIII as a condition to the Company's performance of its obligations under Section I.

C. By signing this Agreement, Employee affirms that Employee either (i) has no Company property remaining in his possession or his control, or (ii) if Employee does have any such property in his possession or control, Employee has provided the Company a list of such property, the reason why Employee has been unable to return it to the Company, and the date by which Employee intends to return such property to the Company.

IX. COOPERATION

Following the Termination Date, Employee shall reasonably cooperate with the Company in effecting a smooth transition, and shall provide such information as the Company may reasonably request regarding operations and information within Employee's knowledge while Employee was employed by the Company. Employee shall provide reasonable assistance and cooperation to the Company with respect to disputes that may have arisen or may arise regarding matters that were within Employee's responsibilities during his employment. This reasonable assistance and cooperation includes but is not limited to the provision of complete and truthful information and documents in his possession and control regarding such matters, responding to inquiries, meeting with counsel, and cooperating in preparing for and providing truthful and accurate testimony in any proceedings. In addition, any travel or other out of pocket costs associated with such cooperation shall be paid or promptly reimbursed by the Company.

X. RESIGNATION AND RE-EMPLOYMENT

A. Employee represents that he has irrevocably resigned from any and all corporate offices with Cleveland-Cliffs Inc. or any of the Released Parties which he held in his capacity as an employee of the Company including without limitation positions as an officer, director, member, manager, agent, or partner of any such entities. Employee further agrees to execute any further documents required to effectuate such resignations as may be requested by the Company.

B. Employee hereby forever gives up, waives and releases any right to be hired, employed, recalled or reinstated by the Company or any affiliate of the Company.

XI. NON-DISPARAGEMENT

Employee shall not make any negative statements orally or in writing about Employee's employment with the Company, about the Company or its affiliates or any of its employees or products, to anyone other than to the EEOC or any similar government agency, Employee's immediate family, and Employee's legal representatives or financial advisors. Nothing in this Agreement shall prevent Employee from testifying truthfully in a legal proceeding or governmental administrative proceeding. Employee may indicate on employment applications that Employee was employed by the Company, Employee's duties, length of employment, salary, and benefits. The Company shall direct its officers and directors not make any negative statements orally or in writing about Employee's employment with the Company to anyone other than to the EEOC or any similar state agency and the Company's legal representatives. Nothing herein shall prevent the Company or its representatives from testifying truthfully in a legal proceeding or governmental administrative proceeding.

XII. NON-SOLICITATION

Employee agrees that, during the period beginning on the Termination Date and ending 24 months following the Termination Date (the " Restricted Period"), Employee shall not directly or indirectly contact, approach or solicit for the purpose of offering employment to any person employed by the Company or its affiliates (or who was employed by the Company or its affiliates during the 6 month period immediately prior to such contact, approach or solicitation), without the prior written consent of the

Company; provided, however, that this Section XII shall not preclude Employee from soliciting for employment any such person who responds to a general solicitation through a public medium that is not targeted at such person. Employee further agrees that during the Restricted Period, Employee will not directly or indirectly attempt to disrupt, damage, impair or interfere with the Company by disrupting the relationship between the Company and any of its consultants, agents, representatives or vendors.

XIII. NON-COMPETITION

Employee agrees that, during the Restricted Period, Employee shall not engage, directly or indirectly, either as proprietor, stockholder, partner, officer, employee or otherwise, in the same or similar activities as Employee performed for the Company, during the 5 year period prior to termination, in any business in North America which primarily distributes or sells iron ore (in any form), hot briquetted iron, ferrous scrap or steel products.

XIV. NO DUTY TO MITIGATE

Employee has no obligation to seek other employment or otherwise mitigate the obligations of the Company under this Agreement. To the extent that, following the Termination Date, the Employee becomes employed by or is otherwise compensated for services by any natural person, partnership, corporation, limited liability company, governmental entity, or other entity or organization, any such compensation shall not offset, reduce, or otherwise modify the Company's obligations with respect to the Payments described in Section I.B.1.

XV. SEVERABILITY

In the event that any provision of this Agreement is found to be unenforceable for any reason whatsoever, the unenforceable provision shall be considered to be severable, and the remainder of this Agreement shall continue in full force and effect.

XVI. BINDING EFFECT

This Agreement shall be binding upon and operate to the benefit of Employee, the Company, the Released Parties, and their successors and assigns.

XVII. WAIVER

No waiver of any of the terms of this Agreement shall constitute a waiver of any other terms, whether or not similar, nor shall any waiver be a continuing waiver. No waiver shall be binding unless executed in writing by the Party making the waiver. The Company or Employee may waive any provision of this Agreement intended for its/his benefit, but such waiver shall in no way excuse the other Party from the performance of any of its/his other obligations under this Agreement.

XVIII. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, without regard to the principles of conflicts of law, except to the extent those laws are preempted by federal law.

XIX. SUBSEQUENT MODIFICATIONS

The terms of this Agreement may be altered or amended, in whole or in part, only upon the signed written agreement of all Parties to this Agreement. No oral agreement may modify any term of this Agreement.

XX. ENTIRE AGREEMENT

This Agreement (and the compensation and benefits agreements or plans referred to herein) constitutes the sole and entire agreement of the Parties with respect to the subject matter hereof, and supersede any and all prior and contemporaneous agreements, promises, representations, negotiations, and understandings of the Parties, whether written or oral. Notwithstanding the foregoing, the restrictive covenants in Sections VII, XI, XII, and XIII of this Agreement do not supersede the restrictive covenants in other agreements between Employee and the Company. Those covenants are enforceable consistent with their terms, as are the restrictive covenants in this Agreement

XXI. TAXES AND SECTION 409A

A. By signing this Agreement, Employee acknowledges that (1) Employee will be solely responsible for any taxes which may be imposed on Employee as a result of the Payments and Benefits, (2) all such Payments and Benefits will be subject to applicable tax withholding by the Company, and (3) the Company has not made any representations or guarantees regarding the tax result for Employee with respect to any income recognized by Employee in connection with this Agreement or the Payments and Benefits.

B. The Parties acknowledge that Employee shall incur a "separation from service," within the meaning of Section 409A of the Code (" Section 409A") on the Termination Date. Notwithstanding anything in this Agreement to the contrary, any amounts paid or provided under this Agreement shall, to the extent necessary in order to avoid the imposition of a penalty tax on Employee under Section 409A, be delayed for six months after the Termination Date, and the accumulated amounts shall be paid in a lump sum within 10 days after the end of the 6-month period, or if earlier within 60 days of Employee's death. For purposes of this Agreement, each amount to be paid or benefit to be provided to Employee pursuant to this Agreement shall be construed as a separate identified payment for purposes of Section 409A. All reimbursements and in-kind benefits provided under the Agreement shall be made or provided in accordance with the requirements of Section 409A to the extent applicable, including, where applicable, the requirement that (1) any reimbursement is for expenses incurred during the period of time specified in this Agreement, (2) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in kind benefits to be provided, in any other calendar year, (3) the reimbursement of an eligible expense will be made no later than the last calendar day of the calendar year following the year in which the expense is incurred, and (4) the right to reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit. This Agreement is intended to be exempt from or comply with the requirements of Section 409A.

[Signature Page Follows]

CLEVELAND-CLIFFS INC.

/s/ James D. Graham

Name: James D. Graham

Title: Executive Vice President, Human Resources, Chief Legal and Administrative Officer & Secretary

/s/ Maurice D. Harapiak

Date: 5 May 2022

Maurice D. Harapiak

Schedule I

Grant Date	Type of Award	Number of RSUs or Target PSUs, or Target Amount of Performance Cash, at Time of Grant	Vesting Date/Incentive Period
2/18/2020	RSU	50,628	12/31/2022
2/18/2020	PSU	50,628	1/1/2020 - 12/31/2022
2/18/2020	Performance Cash	$374,000	1/1/2020 - 12/31/2022
2/23/2021	RSU	24,359	12/31/2023
2/23/2021	PSU	24,359	1/1/2021 - 12/31/2023
2/23/2021	Performance Cash	$381,480	1/1/2021 - 12/31/2023
2/24/2022	RSU	36,228	12/31/2024
2/24/2022	PSU	36,228	1/1/2022 - 12/31/2024
2/24/2022	Performance Cash	$748,000	1/1/2022 - 12/31/2024

EXHIBIT 22

The following entities are included in the obligated group as of June 30, 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 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**

EXHIBIT 22

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.

Exhibit 31.1

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: July 26, 2022

By: /s/ Lourenco Goncalves

Lourenco Goncalves
Chairman, President and Chief Executive Officer

Exhibit 31.2

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: July 26, 2022

By: /s/ Celso L. Goncalves Jr.
Celso L. Goncalves Jr.
Executive Vice President, Chief Financial Officer

Exhibit 32.1

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 June 30, 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: July 26, 2022

By: /s/ Lourenco Goncalves
Lourenco Goncalves
Chairman, President and Chief Executive Officer

Exhibit 32.2

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 June 30, 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: July 26, 2022

By: /s/ Celso L. Goncalves Jr.
Celso L. Goncalves Jr.
Executive Vice President, Chief Financial Officer

Exhibit 95

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 June 30, 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 June 30, 2022:

		Three Months Ended June 30, 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) 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	13	—	—	—	$ 145,544	—	—	—
Empire / 2001012	Iron Ore	—	—	—	—	$ —	—	—	—
Northshore Plant / 2100831	Iron Ore	—	—	—	—	$ —	7 (2)	4	2
Northshore Mine / 2100209	Iron Ore	—	—	—	—	$ —	—	—	—
Hibbing / 2101600	Iron Ore	1	—	—	—	$ 11,949	2 (3)	2	1
United Taconite Plant / 2103404	Iron Ore	12	—	—	—	$ 85,529	2 (4)	2	—
United Taconite Mine / 2103403	Iron Ore	—	—	—	—	$ —	—	—	—
Minorca Mine / 2102449	Iron Ore	—	—	—	—	$ 296	1 (5)	1	—
Coal Innovations #1 / 3609406	Coal	—	—	—	—	$ —	—	—	—
Virginia Point No. 1 Surface Mine / 4407172	Coal	—	—	—	—	$ 798	—	—	—
Low Gap Surface Mine / 4605741	Coal	—	—	—	—	$ —	—	—	—
Eckman Surface Mine / 4608647	Coal	—	—	—	—	$ —	—	—	—
Redhawk Surface Mine / 4609300	Coal	—	—	—	—	$ —	—	—	—
Dry Branch Surface Mine / 4609395	Coal	—	—	—	—	$ —	—	—	—
Dans Branch Surface Mine / 4609517	Coal	—	—	—	—	$ —	—	—	—
Eckman Loadout / 4603341	Coal	—	—	—	—	$ —	—	—	—
Roadfork Loadout / 4608278	Coal	—	—	—	—	$ —	—	—	—
Eckman Plant / 4609357	Coal	—	—	—	—	$ —	—	—	—
Mine No. 35 / 4608131	Coal	—	—	—	—	$ —	—	—	—
Mine No. 39 / 4609261	Coal	5	—	—	—	$ 3,089	3 (6)	1	—
Mine No. 43 / 4609496	Coal	10	—	1	—	$ 30,566	2 (7)	2	—
Mine No. 44 / 4609523	Coal	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 June 30, 2022.

(2) This number consists of 3 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 2 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.

(4) This number consists of 2 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.

(5) This number consists of 1 pending legal action related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.

(6) 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 1 pending legal action related to complaints of discharge, discrimination or interference referenced in Subpart E of FMSH Act's procedural rules.

(7) This number consists of 2 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.

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