

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): December 3, 2019

CLEVELAND-CLIFFS INC.

(Exact name of registrant as specified in its charter)

Ohio 1-8944 34-1464672
(State or Other Jurisdiction of (Commission File Number) (IRS Employer Identification No.)
Incorporation or Organization)
200 Public Square, Suite 3300, Cleveland, Ohio 44114-2315
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (216) 694-5700

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (Section 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (Section 240.12b-2 of this chapter).

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.

Item 8.01. Other Events.

On December 3, 2019, Cleveland-Cliffs Inc. (the “Company”) and AK Steel Holding Corporation (“AK Steel”) issued a joint press release announcing the execution of an Agreement and Plan of Merger (the “Merger Agreement”), dated as of December 2, 2019, by and among the Company, AK Steel and Pepper Merger Sub Inc., a direct, wholly owned subsidiary of the Company (“Merger Sub”), pursuant to which, subject to the satisfaction or waiver of certain conditions set forth in the Merger Agreement, Merger Sub will merge with and into AK Steel (the “Merger”), with AK Steel surviving the Merger as a wholly owned subsidiary of the Company. A copy of the joint press release and related investor presentation are attached as Exhibit 99.1 and Exhibit 99.2 and are incorporated herein by reference.

Additional Information and Where to Find It

In connection with the proposed transaction, a registration statement on Form S-4 will be filed with the Securities and Exchange Commission (the “SEC”). INVESTORS AND SECURITY HOLDERS ARE ENCOURAGED TO READ THE REGISTRATION STATEMENT AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING THE JOINT PROSPECTUS/PROXY STATEMENT THAT WILL BE PART OF THE REGISTRATION STATEMENT, WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. The final joint prospectus/proxy statement will be mailed to shareholders of the Company and stockholders of AK Steel. Investors and security holders will be able to obtain the documents free of charge at the SEC’s website, www.sec.gov, from the Company at its website, www.clevelandcliffs.com, or by contacting the Company’s Investor Relations Department at 216-694-6544, or from AK Steel at its website, www.aksteel.com, or by contacting AK Steel’s Investor Relations Department at 513-425-5215.

Participants in the Solicitation

The Company and AK Steel and their respective directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information concerning the Company’s participants is set forth in the proxy statement, filed March 12, 2019, for the Company’s 2019 annual meeting of shareholders as filed with the SEC on Schedule 14A and the Company’s Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on February 8, 2019. Information concerning AK Steel’s participants is set forth in the proxy statement, filed April 10, 2019, for AK Steel’s 2019 annual meeting of stockholders as filed with the SEC on Schedule 14A and AK Steel’s Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on February 15, 2019. Additional information regarding the interests of such participants in the solicitation of proxies in respect of the proposed transaction will be included in the registration statement and joint prospectus/proxy statement and other relevant materials to be filed with the SEC when they become available.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This filing contains forward-looking statements within the meaning of federal securities laws regarding the Company. These forward-looking statements relate to, among other things, the proposed transaction between the Company and AK Steel and include expectations, estimates and projections concerning the business and operations, strategic initiatives and value creation plans of the Company. In accordance with “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, these statements are accompanied by cautionary language identifying important factors, though not necessarily all such factors, that could cause future outcomes to differ materially from those set forth in the forward-looking statements. You can identify forward-looking statements by words such as “anticipate,” “believe,” “could,” “design,” “estimate,” “expect,” “forecast,” “goal,” “guidance,” “imply,” “intend,” “may,” “objective,” “opportunity,” “outlook,” “plan,” “position,” “potential,” “predict,” “project,” “prospective,” “pursue,” “seek,” “should,” “strategy,” “target,” “would,” “will” or other similar expressions that convey the uncertainty of future events or outcomes. Such forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the Company’s control and are difficult to predict. Factors that could cause the Company’s actual results to differ materially from those implied in the forward-looking statements include: the ability to complete the proposed transaction between the Company and AK Steel on anticipated terms and timetable; the ability to obtain approval by the stockholders of AK Steel and the shareholders of the Company related to the proposed transaction and the ability to satisfy various other conditions to the closing of the transaction contemplated by the Merger Agreement; the ability to obtain governmental approvals of the proposed transaction on the proposed terms and schedule, and any conditions imposed on the combined entity in connection with consummation of the proposed transaction; the risk that the cost savings and any other synergies from the proposed transaction may not be fully realized or may take longer to realize than expected; disruption from the proposed transaction making it more difficult to maintain relationships with customers, employees or suppliers; risks relating to any unforeseen liabilities

of AK Steel; future levels of revenues, operating costs, income from operations, net income or earnings per share; our ability to manage disruptions in credit markets or changes to our credit rating; future levels of capital, environmental or maintenance expenditures, general and administrative and other expenses; the success or timing of completion of ongoing or anticipated capital or maintenance projects; business strategies, growth opportunities and expected investments; the effect of restructuring or reorganization of business components; the potential effects of judicial or other proceedings on the Company's business, financial condition, results of operations and cash flows; continued or further volatility in and/or degradation of general economic, market, industry or business conditions; compliance with federal and state environmental, economic, health and safety, energy and other policies and regulations, and/or enforcement actions initiated thereunder; the anticipated effects of actions of third parties such as competitors, activist investors or federal, foreign, state or local regulatory authorities or plaintiffs in litigation; the impact of adverse market conditions or other similar risks to those identified herein affecting the Company; and the factors set forth under the heading "Risk Factors" in the Company's and AK Steel's respective Annual Reports on Form 10-K for the year ended December 31, 2018, filed with the SEC. The forward-looking statements are based on current expectations, estimates and projections about the Company's industry. These statements are not guarantees of future performance and you should not rely unduly on them, as they involve risks, uncertainties, and assumptions that cannot be predicted. In addition, we have based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. While the Company's management considers these assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond the Company's control. Accordingly, the Company's actual results may differ materially from the future performance that is expressed or forecast in the forward-looking statements. The Company undertakes no obligation to update any forward-looking statements except to the extent required by applicable law.

Item 9.01. Financial Statements and Exhibits.

(d) **Exhibits.**

Exhibit Number	Description
99.1	Joint Press Release of Cleveland-Cliffs Inc. and AK Steel Holding Corporation, issued as of December 3, 2019.
99.2	Investor Presentation, dated as of December 3, 2019.
101	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.
104	The cover page from this Current Report on Form 8-K, formatted as Inline XBRL.

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 hereunto duly authorized.

CLEVELAND-CLIFFS INC.

Date: December 3, 2019

By: /s/ James D. Graham

Name: James D. Graham

Title: Executive Vice President, Chief Legal Officer &
Secretary



CLEVELAND-CLIFFS TO ACQUIRE AK STEEL

Combines complementary businesses across mining, pelletizing and innovative manufacturing to create vertically integrated producer of value-added iron ore and steel products

Compelling financial profile with strong balance sheet, expected earnings accretion, and strong free cash flow generation to execute on long-term growth opportunities

Combination creates significant value for shareholders through realization of \$120 million in annual cost synergies

CLEVELAND & WEST CHESTER, OH - DECEMBER 3, 2019 - Cleveland-Cliffs Inc. (NYSE: CLF) and AK Steel Holding Corporation (NYSE: AKS) are pleased to announce that they have entered into a definitive merger agreement pursuant to which Cliffs will acquire all of the issued and outstanding shares of AK Steel common stock. Lourenco Goncalves, Chairman of the Board, President and CEO of Cliffs, will lead the expanded organization.

Under the terms of the merger agreement, AK Steel shareholders will receive 0.40 shares of Cliffs common stock for each outstanding share of AK Steel common stock they own. Upon completion of the transaction, Cliffs shareholders will own approximately 68% and AK Steel shareholders will own approximately 32% of the combined company, respectively, on a fully diluted basis.

The fixed exchange ratio implies a consideration of \$3.36 per share of AK Steel common stock and represents a premium of 16% based on the closing share prices of Cliffs and AK Steel common shares, respectively, as of December 2, 2019, and a premium of 27% based on the 30 day volume weighted average price of AK Steel common shares. The transaction implies an aggregate consideration to AK Steel shareholders of approximately \$1.1 billion on a fully diluted basis, a total enterprise value of approximately \$3.0 billion for AK Steel and an acquisition multiple of 5.6x LTM Adjusted EBITDA.

The transaction will combine Cliffs, North America's largest producer of iron ore pellets, with AK Steel, a leading producer of innovative flat-rolled carbon, stainless and electrical steel products, to create a vertically integrated producer of value-added iron ore and steel products. The combined company will be ideally positioned to provide high-value iron ore and steel solutions to customers primarily across North America.

Mr. Goncalves stated: "We are excited to be able to deliver real value to the shareholders of both Cliffs and AK Steel through a value enhancing and leverage-neutral transaction. By combining the best-in-class quality of AK Steel's assets and its enviable product mix with Cliffs' debt profile and proven management team, we are creating a premier North American company, self-sufficient in iron ore pellets and geared toward high value-added steel products."

He continued, "The pro forma Cliffs will be a vertically integrated steel company that is expected to drive improved profitability for existing Cliffs and AK Steel shareholders and is well-positioned to serve both the blast furnace and electric arc furnace segments. In addition, Cliffs' existing strong balance sheet and self-sufficiency in pellets for the combined company provide flexibility to pursue additional growth opportunities, including the potential future utilization of the blast furnace in Ashland to produce merchant pig iron, an opportunity neither company could pursue on a standalone basis."

Mr. Goncalves concluded, "For Cliffs, we expect to realize immediate growth and a long-desired objective of a more diverse customer base, as well as more predictable cash flow generation due to the contracted nature of AK Steel's sales of high-end automotive steel. Our track record of providing high-grade iron ore combined with AK Steel's recognized ability to produce the highest quality steel grades, creates a highly complementary and compelling business

model. We look forward to welcoming the AK Steel team into our organization and creating a unique company focused on executing value-enhancing opportunities for all of our stakeholders.”

Roger K. Newport, CEO of AK Steel, added, “We believe this transaction is a compelling opportunity for AK Steel shareholders to participate in the substantial upside potential of what will be a premier vertically integrated producer of value-added iron ore and steel products with significant scale and diversification. Our shareholders will benefit from exposure to a larger, more diversified company that is better positioned to capitalize on growth opportunities. The combination of Cliffs’ iron ore pellet capabilities and our innovative, high-quality steel product development and production is strategically compelling. Together, we expect to be able to take advantage of growth opportunities faster and more fully than either company could on its own. With AK Steel’s 120-year heritage, which began in Ohio, and expertise in steelmaking, AK Steel and Cliffs make an excellent combination, which we expect will facilitate a smooth integration process.”

Key Strategic & Financial Benefits

- **Brings together complementary businesses to create company with full suite of value-added products:** The combination will create significant opportunities to generate additional value from market trends across the entire steel value chain and enable more consistent, predictable performance through market cycles. The integrated supply chain provides AK Steel self-sufficiency in iron ore supply. Together, Cliffs and AK Steel will have a presence across the entire manufacturing process, from mining to pelletizing to the development and production of finished high value steel products, including Next Generation Advanced High Strength Steels for automotive and other markets.
- **Solidifies demand for Cliffs’ pellet offtake, with potential for growth into merchant pig iron:** The combined company will ensure pellet volume commitments to AK Steel’s blast furnaces along with Cliffs’ Toledo hot briquetted iron facility, to complement its existing long-term minimum volume pellet offtake agreements with other key integrated steel producers. Further, the potential startup of pig iron manufacturing at AK Steel’s facility in Ashland, Kentucky would create future opportunities for pellet demand and more metalics products without significant additional capital expenditures.
- **Accretion through significant annual synergies:** The transaction offers significant potential for operational synergies, which will contribute to long-term value creation for investors. The combination is expected to generate approximately \$120 million of annual cost synergies to be fully realized within the first 12 months after closing, primarily from consolidating corporate functions, reducing duplicative overhead costs, and procurement and energy cost savings, as well as operational and supply chain efficiencies.
- **Stronger company with compelling pro forma financial metrics:** The combined company is expected to benefit from a larger and more diversified base of customers, with less overall emphasis on commodity-linked contracts. For the last twelve months, the pro forma combined company has generated net revenue of \$8.2 billion¹, Adjusted EBITDA of \$1.3 billion² and unlevered free cash flow of \$923 million^{2,3}. The transaction will also be leverage-neutral with pro forma Total Debt to Adjusted EBITDA of 3.5x.

Additional Transaction Details & Governance

Following completion of the transaction, with Mr. Goncalves leading the expanded organization, Mr. Newport will retire as CEO and a Director of AK Steel. Three existing members of AK Steel’s Board of Directors will join the Cliffs Board, and two existing Cliffs Board members will step down, bringing the Cliffs Board to 12 members in total. AK Steel will become a direct, wholly-owned subsidiary of Cliffs and will retain its branding and corporate identity. Cliffs will continue to be listed on the NYSE with its headquarters in Cleveland, while maintaining a significant presence at AK Steel’s current offices in West Chester, Ohio along with its Research and Innovation Center in Middletown, Ohio.

The transaction is expected to close in the first half of 2020, subject to approval by the shareholders of both companies, receipt of regulatory approvals and satisfaction of other customary closing conditions.

Cliffs has obtained an approximately \$2 billion financing commitment from Credit Suisse in connection with a new Asset Backed Loan and the refinancing of AK Steel’s 2023 senior secured notes.

¹Pro forma LTM numbers exclude intercompany sales, which are calculated based on 25% of revenue, per Cleveland-Cliffs and AK Steel’s 2018 10-Ks.

²Pro forma numbers include \$120 million in anticipated synergies and utilizes each companies’ respective methodologies of calculating Adj. EBITDA.

³ Defined as Adj. EBITDA - Capex. Excludes HBI-related 9/30/2019 LTM capex of \$415m, per Cliffs’ filings.

Advisors and Counsel

Moelis & Company LLC and Credit Suisse are acting as financial advisors to Cliffs and Jones Day is serving as legal counsel. Goldman Sachs & Co. LLC is acting as financial advisor to AK Steel and Weil, Gotshal & Manges LLP is serving as legal counsel.

Board of Directors' Recommendation

The transaction has been unanimously approved by both companies' Boards, and both Boards recommend that their respective shareholders vote in favor of the transaction.

Joint Conference Call & Webcast Information

Cleveland-Cliffs and AK Steel will conduct a live conference call and webcast on December 3, 2019 at 8:30 a.m. Eastern Time. The call will be broadcast live and archived on Cliffs' website at www.clevelandcliffs.com and on AK Steel's website at www.aksteel.com. Presentation slides will also be available on the webcast link and on both companies' Investor Relations pages on their websites, as well as through the joint transaction website at www.clevelandcliffsaksteel.acquisitionannouncement.com.

About Cleveland-Cliffs

Founded in 1847, Cleveland-Cliffs is the largest and oldest independent iron ore mining company in the United States. The company is a major supplier of iron ore pellets to the North American steel industry from its mines and pellet plants located in Michigan and Minnesota. By 2020, Cleveland-Cliffs expects to be the sole producer of hot briquetted iron (HBI) in the Great Lakes region with the development of its first production plant in Toledo, Ohio. Driven by the core values of safety, social, environmental and capital stewardship, Cleveland-Cliffs' employees endeavor to provide all stakeholders with operating and financial transparency. For more information, visit <http://www.clevelandcliffs.com>.

About AK Steel

AK Steel is a leading producer of flat-rolled carbon, stainless and electrical steel products, primarily for the automotive, infrastructure and manufacturing, including electrical power, and distributors and converters markets. Through its subsidiaries, the company also provides customer solutions with carbon and stainless steel tubing products, hot- and cold-stamped components, and die design and tooling. Headquartered in West Chester, Ohio (Greater Cincinnati), the company has approximately 9,500 employees at manufacturing operations in the United States, Canada and Mexico, and facilities in Western Europe. Additional information about AK Steel is available at www.aksteel.com.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This communication contains "forward-looking statements" within the meaning of the federal securities laws, including Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. In this context, forward-looking statements often address expected future business and financial performance and financial condition, and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "estimate," "would," "target" and similar expressions, as well as variations or negatives of these words. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as statements about the consummation of the proposed transaction and the anticipated benefits thereof. These and other forward-looking statements reflect AKS's and CLF's current beliefs and judgments and are not guarantees of future results or outcomes. Forward-looking statements are based on assumptions and estimates that are inherently affected by economic, competitive, regulatory, and operational risks and uncertainties and contingencies that may be beyond AKS's or CLF's control. They are also subject to inherent risks and uncertainties that could cause actual results or performance to differ materially from those expressed in any forward-looking statements. Important risk factors that may cause such a difference include (i) the completion of the proposed transaction on the anticipated terms and timing or at all, including obtaining shareholder and regulatory approvals and anticipated tax treatment, (ii) potential unforeseen liabilities, future capital expenditures, revenues, expenses, earnings, economic performance, indebtedness, financial condition, losses and future prospects, (iii) the ability of CLF to integrate its and AKS's businesses successfully and to achieve anticipated synergies, (iv) business and management strategies for the management, expansion and growth of the combined company's operations following the consummation of the proposed transaction, (v) potential litigation relating to the proposed transaction that could be instituted against AKS, CLF or their respective directors, (vi) the risk that disruptions from the proposed transaction will harm AKS' or CLF's business, including current plans and operations, (vii) the ability of AKS or CLF to retain and hire key personnel, (viii) potential adverse reactions or changes to business relationships resulting from the announcement or completion of the proposed transaction, (ix) uncertainty as to the long-term value of CLF's common stock, (x) continued availability of capital and financing and rating agency actions, (xi) legislative, regulatory and economic developments and (xii) unpredictability and severity of catastrophic events, including acts of terrorism or

outbreak of war or hostilities, as well as management's response to any of the aforementioned factors. These risks, as well as other risks associated with the proposed transaction, will be more fully discussed in the joint proxy statement/prospectus that will be included in the registration statement on Form S-4 that will be filed with the SEC in connection with the proposed transaction. While the list of factors presented here is, and the list of factors to be presented in the registration statement on Form S-4 are, considered representative, no such list should be considered to be a complete statement of all potential risks and uncertainties. Other factors that may present significant additional obstacles to the realization of forward looking statements or which could have a material adverse effect on AKS' or CLF's respective consolidated financial condition, results of operations, credit rating or liquidity are contained in AKS's and CLF's respective periodic reports filed with the SEC, including the AKS 10-K and CLF 10-K. Neither AKS nor CLF assumes any obligation to publicly provide revisions or updates to any forward looking statements, whether as a result of new information, future developments or otherwise, should circumstances change, except as otherwise required by applicable law.

IMPORTANT INFORMATION ABOUT THE TRANSACTION AND WHERE TO FIND IT

In connection with the proposed transaction involving AK Steel Holding Corporation ("AKS") and Cleveland-Cliffs Inc. ("CLF"), CLF will file with the Securities and Exchange Commission (the "SEC") a registration statement on Form S-4 that will include a joint proxy statement of AKS and CLF, which also constitutes a prospectus of CLF. AKS and CLF may also file other documents with the SEC regarding the proposed transaction. This document is not a substitute for the joint proxy statement/prospectus or registration statement or any other document that AKS or CLF may file with the SEC. The definitive joint proxy statement/prospectus will be sent to the shareholders of AKS and the shareholders of CLF. INVESTORS AND SECURITYHOLDERS ARE URGED TO READ THE REGISTRATION STATEMENT, THE JOINT PROXY STATEMENT/PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS THAT ARE FILED OR WILL BE FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THESE DOCUMENTS, CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION AND RELATED MATTERS. Investors and securityholders may obtain free copies of the registration statement and the joint proxy statement/prospectus (when available) and other documents filed with the SEC by AKS or CLF through the web site maintained by the SEC at www.sec.gov. Documents filed with the SEC by AKS will also be available free of charge on the AKS website at www.aksteel.com or by contacting AKS's investor relations department at the below. Documents filed with the SEC by CLF will also be available free of charge on CLF's website at clevelandcliffs.com or by contacting CLF's investor relations department at the below:

AK Steel
513-425-5215

Cleveland-Cliffs
216-694-5700

PARTICIPANTS IN THE SOLICITATION

AKS, CLF and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding AKS' directors and executive officers, including a description of their direct interests, by security holdings or otherwise, is set forth in AKS' Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on February 15, 2019 (the "AKS 10-K"), and its proxy statement filed with the SEC on April 10, 2019. Information regarding CLF's directors and executive officers, including a description of their direct interests, by security holdings or otherwise, is set forth in CLF's Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on February 8, 2019 (the "CLF 10-K"), and its proxy statement filed with the SEC on March 12, 2019. Additional information regarding the interests of these participants and other persons who may be deemed participants in the proposed transaction may be obtained by reading the joint proxy statement/prospectus and other relevant materials to be filed with the SEC when such materials become available. Free copies of these documents may be obtained from the sources indicated above.

NO OFFER OR SOLICITATION

This communication is not intended to and shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote of approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Contacts

Cleveland-Cliffs

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AK Steel

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Cleveland-Cliffs to Acquire AK Steel

DECEMBER 3, 2019



FORWARD-LOOKING STATEMENTS

This presentation 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 presentation, and we undertake no ongoing obligation, other than that imposed by law, to update these statements. Uncertainties and risk factors that could affect our future performance and cause results to differ from the forward-looking statements in this presentation include, but are not limited to: our ability to successfully complete the transaction discussed in this presentation, successfully integrate the acquired business and achieve the strategic and other objectives of the proposed transaction, including achieving the expected synergies; our ability to complete the proposed merger of Cleveland-Cliffs and AK Steel on anticipated terms and timetable; our ability to obtain the required approvals by Cleveland-Cliffs' shareholders and AK Steel's stockholders and to satisfy various other conditions to the closing of the transaction contemplated by the merger agreement; our ability to obtain governmental approvals of the transaction on the proposed terms and schedule, and any conditions imposed on the combined company in connection with consummation of the transaction; the risk that the cost savings and any other synergies from the transaction may not be fully realized or may take longer to realize than expected; disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; risks relating to any unforeseen liabilities of AK Steel; uncertainty and weaknesses in global economic conditions, including downward pressure on prices caused by oversupply or imported products, reduced market demand and risks related to U.S. government actions with respect to Section 232 of the Trade Expansion Act (as amended by the Trade Act of 1974), the United States-Mexico-Canada Agreement and/or other trade agreements, treaties or policies; continued volatility of iron ore and steel prices and other trends, which may impact the price-adjustment calculations under our sales contracts; our ability to successfully diversify our product mix and add new customers beyond our traditional blast furnace clientele; our ability to cost-effectively achieve planned production rates or levels, including at our HBI plant; our ability to successfully identify and consummate any strategic investments or development projects, including our HBI plant; the impact of our customers reducing their steel production due to increased market share of steel produced using other methods or lighter-weight steel alternatives; our actual economic iron ore reserves or reductions in current mineral estimates, including whether any mineralized material qualifies as a reserve; the outcome of any contractual disputes with our customers, joint venture partners or significant energy, material or service providers or any other litigation or arbitration; problems or uncertainties with sales volume or mix, productivity, tons mined, transportation, mine closure obligations, environmental liabilities, employee-benefit costs and other risks of the mining industry; impacts of existing and increasing governmental regulation and related costs and liabilities, including failure to receive or maintain required operating and environmental permits, approvals, modifications or other authorization of, or from, any governmental or regulatory entity and costs related to implementing improvements to ensure compliance with regulatory changes; our ability to maintain adequate liquidity, our level of indebtedness and the availability of capital could limit cash flow available to fund working capital, planned capital expenditures, acquisitions and other general corporate purposes or ongoing needs of our business; our ability to continue to pay cash dividends, and the amount and timing of any cash dividends; our ability to maintain appropriate relations with unions and employees; the ability of our customers, joint venture partners and third party service providers to meet their obligations to us on a timely basis or at all; events or circumstances that could impair or adversely impact the viability of a mine or production plant and the carrying value of associated assets, as well as any resulting impairment charges; uncertainties associated with natural disasters, weather conditions, unanticipated geological conditions, supply or price of energy, equipment failures and other unexpected events; adverse changes in interest rates and tax laws; the potential existence of significant deficiencies or material weakness in our internal control over financial reporting; and the risks that are described from time to time in Cleveland-Cliffs' and AK Steel's respective reports filed with the SEC.

For additional factors affecting the business of Cleveland-Cliffs and AK Steel, refer to Part I – Item 1A. Risk Factors of our corresponding Annual Reports on Form 10-K for the year ended December 31, 2018. You are urged to carefully consider these risk factors.

This presentation includes certain non-GAAP financial measures, including Adjusted EBITDA and Free Cash Flow. Non-GAAP financial measures such as Adjusted EBITDA and Free Cash Flow should be considered only as supplemental to, and not as superior to, financial measures prepared in accordance with GAAP.

Important Information About the Transaction and Where to Find It

In connection with the proposed transaction involving AK Steel Holding Corporation ("AKS") and Cleveland-Cliffs Inc. ("CLF"), CLF will file with the Securities and Exchange Commission (the "SEC") a registration statement on Form S-4 that will include a joint proxy statement of AKS and CLF, which also constitutes a prospectus of CLF. AKS and CLF may also file other documents with the SEC regarding the proposed transaction. This document is not a substitute for the joint proxy statement/prospectus or registration statement or any other document that AKS or CLF may file with the SEC. The definitive joint proxy statement/prospectus will be sent to the stockholders of AKS and the shareholders of CLF. INVESTORS AND SECURITYHOLDERS ARE URGED TO READ THE REGISTRATION STATEMENT, THE JOINT PROXY STATEMENT/PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS THAT ARE FILED OR WILL BE FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THESE DOCUMENTS, CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION AND RELATED MATTERS. Investors and security holders may obtain free copies of the registration statement and the joint proxy statement/prospectus (when available) and other documents filed with the SEC by AKS or CLF through the web site maintained by the SEC at www.sec.gov. Documents filed with the SEC by AKS will also be available free of charge on the AKS website at www.aksteel.com or by contacting AKS's investor relations department at the below address. Documents filed with the SEC by CLF will also be available free of charge on CLF's website at clevelandcliffs.com or by contacting CLF's investor relations department at the below:

[AK Steel: 513-425-5215](tel:513-425-5215) ; [Cleveland Cliffs: 216-694-5700](tel:216-694-5700)

ADDITIONAL STATEMENTS

Participants in the Solicitation

AKS, CLF and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding AKS' directors and executive officers, including a description of their direct interests, by security holdings or otherwise, is set forth in AKS' Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on February 15, 2019 (the "AKS 10-K"), and its proxy statement filed with the SEC on April 10, 2019. Information regarding CLF's directors and executive officers, including a description of their direct interests, by security holdings or otherwise, is set forth in CLF's Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on February 8, 2019 (the "CLF 10-K"), and its proxy statement filed with the SEC on March 12, 2019. Additional information regarding the interests of these participants and other persons who may be deemed participants in the proposed transaction may be obtained by reading the joint proxy statement/prospectus and other relevant materials to be filed with the SEC when such materials become available. Free copies of these documents may be obtained from the sources indicated above.

No Offer or Solicitation

This communication is not intended to and shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote of approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Cautionary Notes on Forward Looking Statements

This communication contains "forward-looking statements" within the meaning of the federal securities laws, including Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. In this context, forward-looking statements often address expected future business and financial performance and financial condition, and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "estimate," "would," "target" and similar expressions, as well as variations or negatives of these words. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as statements about the consummation of the proposed transaction and the anticipated benefits thereof. These and other forward-looking statements reflect AKS's and CLF's current beliefs and judgments and are not guarantees of future results or outcomes. Forward-looking statements are based on assumptions and estimates that are inherently affected by economic, competitive, regulatory, and operational risks and uncertainties and contingencies that may be beyond AKS's or CLF's control. They are also subject to inherent risks and uncertainties that could cause actual results or performance to differ materially from those expressed in any forward-looking statements. Important risk factors that may cause such a difference include (i) the completion of the proposed transaction on the anticipated terms and timing or at all, including obtaining shareholder and regulatory approvals and anticipated tax treatment, (ii) potential unforeseen liabilities, future capital expenditures, revenues, expenses, earnings, economic performance, indebtedness, financial condition, losses and future prospects, (iii) the ability of CLF to integrate its and AKS's businesses successfully and to achieve anticipated synergies, (iv) business and management strategies for the management, expansion and growth of the combined company's operations following the consummation of the proposed transaction, (v) potential litigation relating to the proposed transaction that could be instituted against AKS, CLF or their respective directors, (vi) the risk that disruptions from the proposed transaction will harm AKS' or CLF's business, including current plans and operations, (vii) the ability of AKS or CLF to retain and hire key personnel, (viii) potential adverse reactions or changes to business relationships resulting from the announcement or completion of the proposed transaction, (ix) uncertainty as to the long-term value of CLF's common stock, (x) continued availability of capital and financing and rating agency actions, (xi) legislative, regulatory and economic developments and (xii) unpredictability and severity of catastrophic events, including acts of terrorism or outbreak of war or hostilities, as well as management's response to any of the aforementioned factors. These risks, as well as other risks associated with the proposed transaction, will be more fully discussed in the joint proxy statement/prospectus that will be included in the registration statement on Form S-4 that will be filed with the SEC in connection with the proposed transaction. While the list of factors presented here is, and the list of factors to be presented in the registration statement on Form S-4 are, considered representative, no such list should be considered to be a complete statement of all potential risks and uncertainties. Other factors that may present significant additional obstacles to the realization of forward looking statements or which could have a material adverse effect on AKS' or CLF's respective consolidated financial condition, results of operations, credit rating or liquidity are contained in AKS's and CLF's respective periodic reports filed with the SEC, including the AKS 10-K and CLF 10-K. Neither AKS nor CLF assumes any obligation to publicly provide revisions or updates to any forward looking statements, whether as a result of new information, future developments or otherwise, should circumstances change, except as otherwise required by applicable law.

TODAY'S PRESENTERS



Lourenco Goncalves
Cleveland-Cliffs
Chairman of the Board,
President and CEO



Keith Koci
Cleveland-Cliffs
Executive Vice President and CFO



Roger Newport
AK Steel
CEO and Director

OVERVIEW OF CLEVELAND-CLIFFS' ACQUISITION OF AK STEEL

<p>Transaction Structure and Ownership</p>	<ul style="list-style-type: none"> • Cleveland-Cliffs to acquire AK Steel in an all-stock transaction at an exchange ratio of 0.400x • Represents a 16% premium to AK Steel's stock price as of December 2, 2019 • Transaction implies a total enterprise value⁽¹⁾ for AK Steel of approximately \$3.0 billion and an acquisition multiple of 5.6x LTM 09/30/19 Adjusted EBITDA⁽²⁾ • Cleveland-Cliffs and AK Steel shareholders will own approximately 68% and 32% of the PF company, respectively
<p>Company Name and Headquarters</p>	<ul style="list-style-type: none"> • Company will retain the Cleveland-Cliffs name and NYSE ticker symbol (CLF) • AK Steel will become a direct, wholly-owned subsidiary of Cleveland-Cliffs⁽³⁾ • Headquarters to remain in Cleveland, Ohio, while maintaining AK Steel's presence at their current offices in West Chester, Ohio • AK Steel's entities will maintain their branding and corporate identity
<p>Leadership and Governance</p>	<ul style="list-style-type: none"> • Lourenco Goncalves will remain Chairman, President and CEO • Roger Newport, AK Steel CEO, to retire upon transaction close • 2 current Cleveland-Cliffs Board members will step down • 3 existing AK Steel Board members will join the Cleveland-Cliffs Board at closing, bringing Cleveland-Cliffs' Board to 12 members in total
<p>Financial Profile and Balance Sheet</p>	<ul style="list-style-type: none"> • Leverage-neutral transaction with pro forma Total Debt to Adj. EBITDA of 3.5x (LTM 9/30/19) • Approximately \$120 million of annual cost synergies; transaction expected to be accretive in 2020 • Credit Suisse is providing approximately \$2.0 billion financing commitment in connection with a new ABL and refinancing of AK Steel's 2023 existing secured notes
<p>Timing and Closing Requirements</p>	<ul style="list-style-type: none"> • Transaction has been unanimously approved by Cleveland-Cliffs and AK Steel Boards • Transaction is expected to close in H1 2020, subject to shareholder approval for both companies and other customary closing conditions



(1) Enterprise value defined as equity market value + total debt - cash. AK Steel debt and cash balances as of 9/30/2019 of \$1,970m and \$31m, respectively.
 (2) AK Steel LTM 09/30/19 Adjusted EBITDA of \$535m.
 (3) AK Steel shares will be delisted upon transaction close.

CREATES VERTICALLY INTEGRATED PRODUCER OF VALUE-ADDED IRON ORE AND STEEL



- Transforms Cleveland-Cliffs into a best-in-class iron ore & steel producer with industry leading margins
- Self-sufficiency in iron ore creates raw materials efficiency in steel production
- Deeply integrated downstream in high value-added steels such as carbon automotive, electrical and stainless



PF LTM Revenues:
\$8.2 billion⁽¹⁾



PF LTM Adjusted EBITDA:
\$1.3 billion⁽²⁾



PF LTM FCF:
\$923 million^(2,3)



\$120 million estimated
annual cost synergies



Leverage neutral



Source: Cleveland-Cliffs and AK Steel filings.

Note: Revenues, Adjusted EBITDA, FCF and synergy figures are approximate figures.

(1) PF LTM revenues exclude intercompany sales, which are calculated based on 25% of revenue, per Cleveland-Cliffs' and AK Steel's 2018 10-Ks.

(2) PF LTM numbers include \$120m in anticipated synergies and utilizes each companies' respective methodologies of calculating Adjusted EBITDA.

(3) Defined as Adj. EBITDA – Capex. Excludes HBI-related 9/30/2019 LTM capex of \$415m, per Cleveland-Cliffs' filings.

TRANSACTION RATIONALE AND INDUSTRIAL LOGIC IS COMPELLING



Combines AK Steel's high quality steel assets with a reliable supply of high quality iron ore pellets



Creates a vertically integrated steel manufacturer with industry leading margins through raw material cost savings



Generates more predictable earnings and cash flow due to focus on value-added and non-commoditized products and less exposure to volatile commodity indices



Enhances revenue stream certainty for Cleveland-Cliffs' pellet production



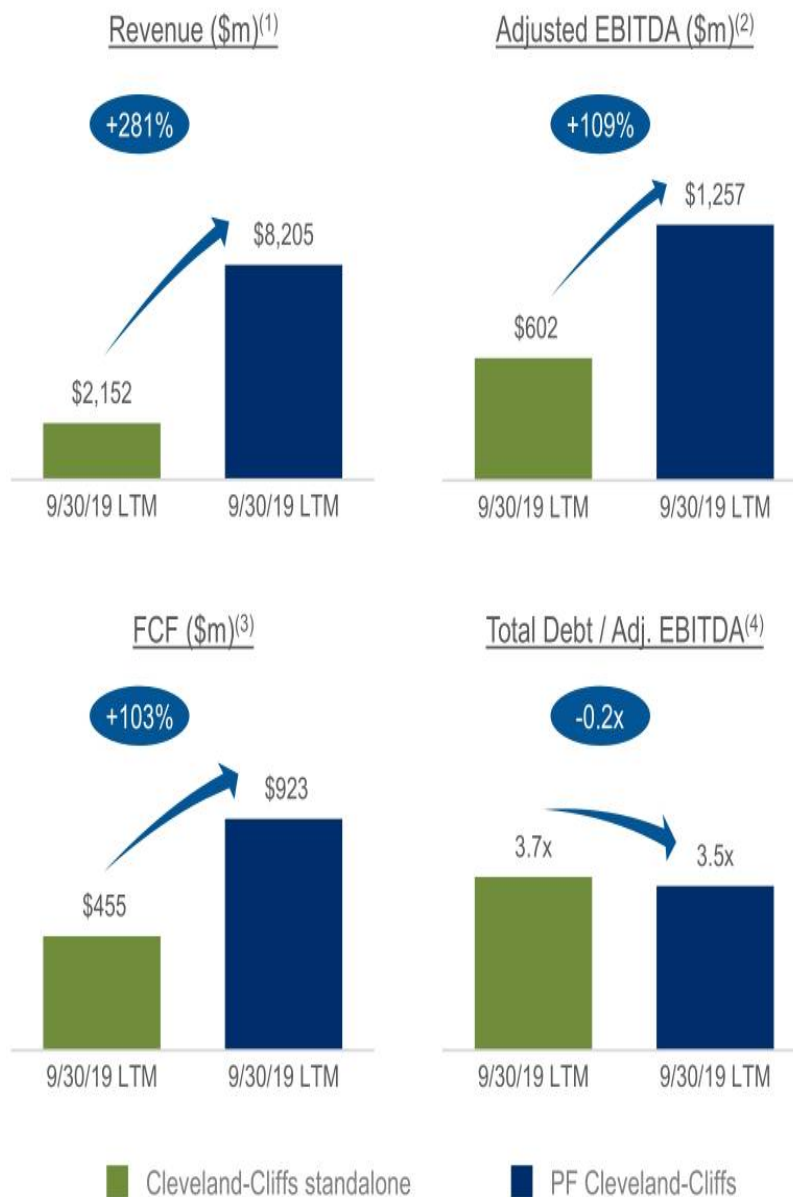
Creates potential, future low-capex growth opportunity in the Metallics space via Ashland pig iron facility



Delivers approximately \$120 million of estimated annual cost synergies, including approximately \$40 million in annual public company related cost savings alone

ROBUST PRO FORMA FINANCIAL PROFILE

- ✓ Dramatically improved scale and earnings diversification
- ✓ Strong FCF profile positions PF company well through cycle
- ✓ Leverage-neutral transaction



Source: Cleveland-Cliffs and AK Steel filings.

(1) PF revenues exclude intercompany sales, which are calculated based on 25% of revenue, per Cleveland-Cliffs' and AK Steel's 2018 10-Ks.

(2) PF numbers include \$120m in anticipated synergies and utilizes each companies' respective methodologies of calculating Adjusted EBITDA.

(3) Defined as Adj. EBITDA – Capex. Excludes HBI-related capex of \$180m in 2018 and \$415m 9/30/2019 LTM, per Cleveland-Cliffs' filings.

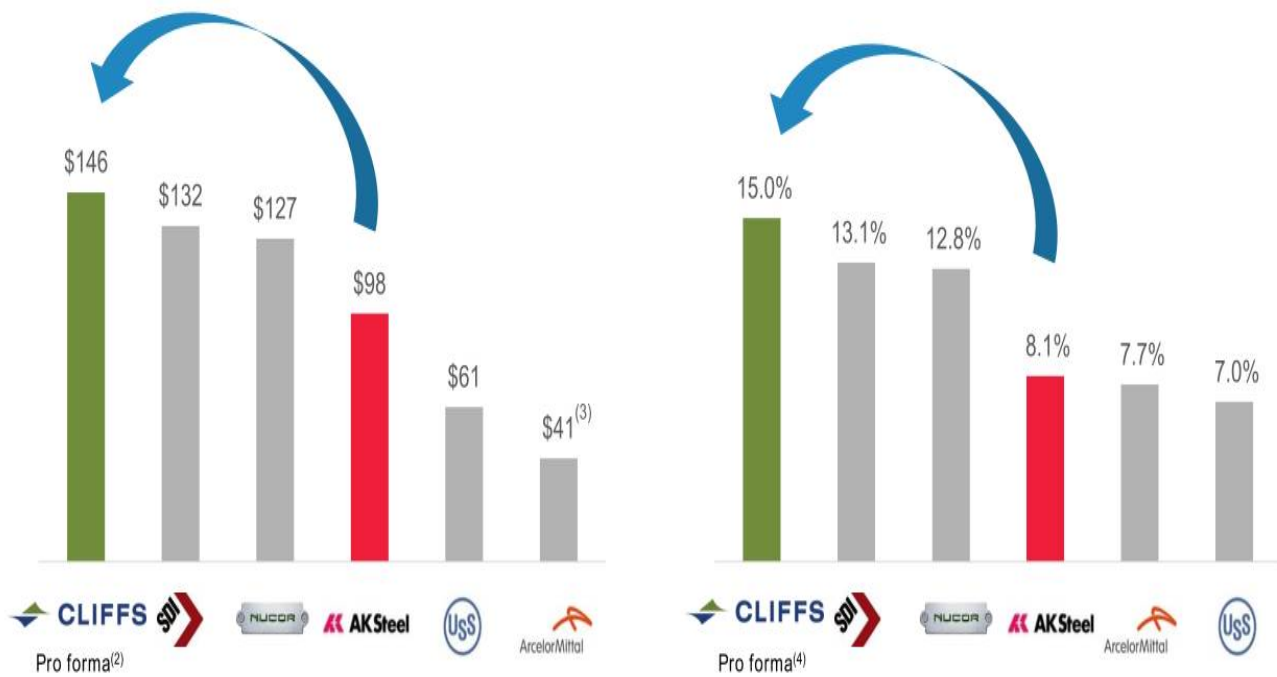
(4) Gross leverage is PF for issuance of \$500m new secured debt to refinance AK Steel's existing secured debt and rolling of all other existing AK Steel debt.

TRANSACTION CREATES LEADING EBITDA MARGINS IN NORTH AMERICAN STEEL INDUSTRY

- Cleveland-Cliffs currently generates a margin of approximately \$30-\$40/short ton for every pellet produced and sold to AK Steel
- That margin differential is a lever available to the PF company that is not available to AK Steel on a standalone basis
- Critically, it positions the PF company much more competitively versus other steel producers

Best-in-sector Adj. EBITDA/short ton metrics⁽¹⁾...

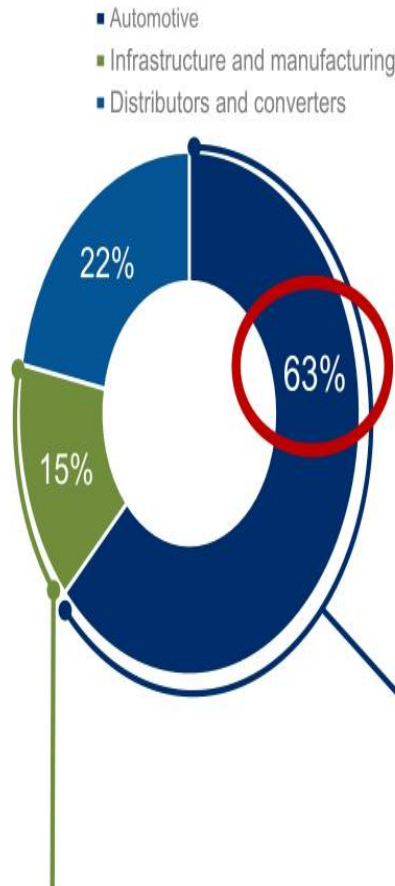
...With Adj. EBITDA margins superior to the EAFs⁽¹⁾



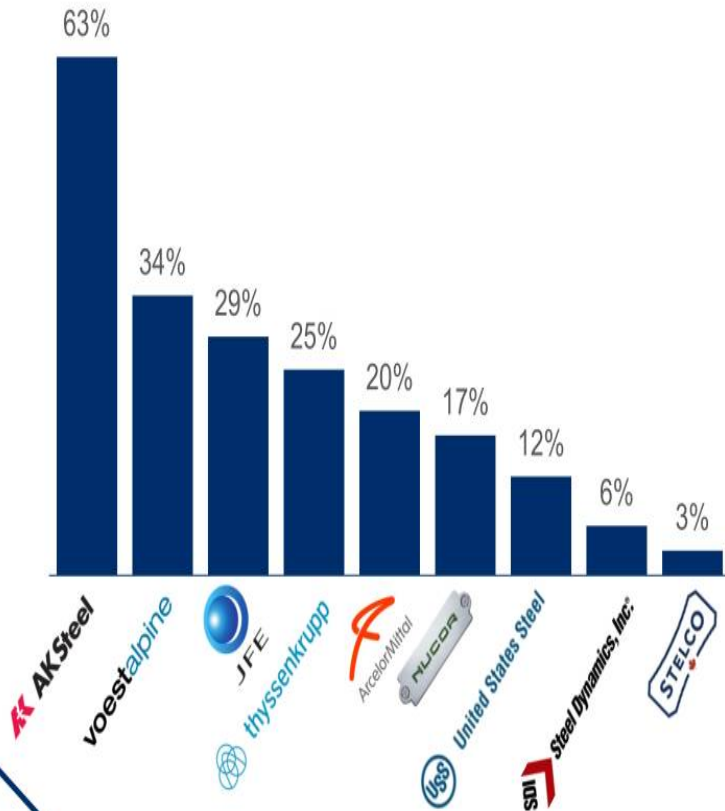
Note: Cleveland-Cliffs pro forma metrics calculated after adjusting AK Steel's standalone metrics for iron-ore cost savings from purchasing directly from Cleveland-Cliffs. Metrics include Cliff's third party pellet sales and utilizes each companies' respective methodologies of calculating Adjusted EBITDA. (3) Based on 9/30/2019 YTD. (4) Incremental ~\$48/short ton Adj. EBITDA margin for AK Steel calculated as ~4.9m short ton of iron ore pellets purchased by AK Steel YTD (assumption based on FY 2018 shipments multiplied by 0.75), multiplied by Cleveland-Cliffs ~\$40/short ton pellet margin (higher end of range) divided by ~4.1m short tons of steel production YTD. Steel-only Adj. EBITDA per short ton. Includes \$90m of synergies (YTD portion of \$120m annual synergies) and accounts for intercompany sales, which are calculated based on 25% of revenue, per Cleveland-Cliffs' and AK Steel's 2018 10-Ks.

AK STEEL HAS BEST-IN-CLASS POSITION IN NON-COMMODITIZED STEEL

AK Steel's 2018A sales by end-market



Automotive sales as a percentage of total sales⁽¹⁾



- Significant North American producer of grain-oriented electrical steel ("GOES")
- Sole source of "U.S. origin" steel for the electrical grid

- One of the few steel producers capable of producing the carbon and stainless steel grades critical to automotive lightweighting trends
- Technology leader in Advanced High Strength Steels ("AHSS") and Ultra High Strength Steels ("UHSS")
- U.S. leader in 400 series chrome products and automotive stainless



Source: AK Steel filings and latest publicly available information for peers.

(1) Based on FY 2018 sales, except for ThyssenKrupp, which is based on FY ended 9/30/19 sales, U.S. Steel and Nucor, which are based on FY 2018 shipments, ArcelorMittal, which is based on FY 2016 sales as per company website, Stelco, which is based on FY 2016 shipments as per its IPO prospectus.

STEEL DEMAND IN AUTOMOTIVE SECTOR PROJECTED TO REMAIN STRONG

Solid market fundamentals



Stable and consistent automotive production growth expected over the next decade



Growing demand for lighter but stronger components to meet increasing customer expectations and tighter environmental regulations

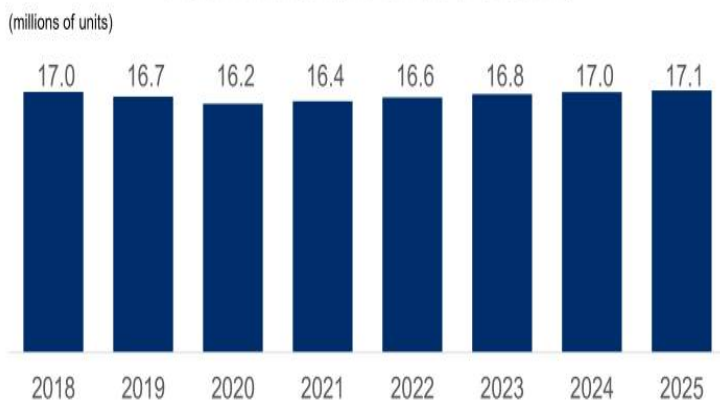


As a result, UHSS is expected to become a critical input for vehicle manufacturing

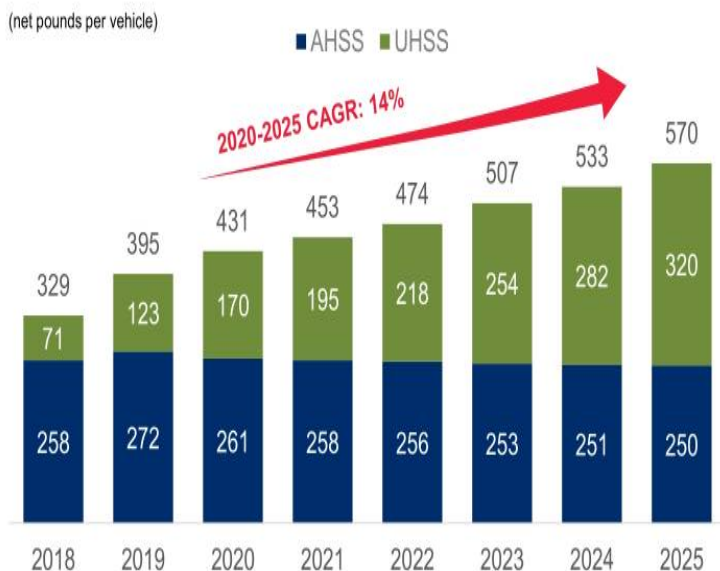


AK Steel has a full suite of high value-added products and is positioned to benefit from recent market dynamics

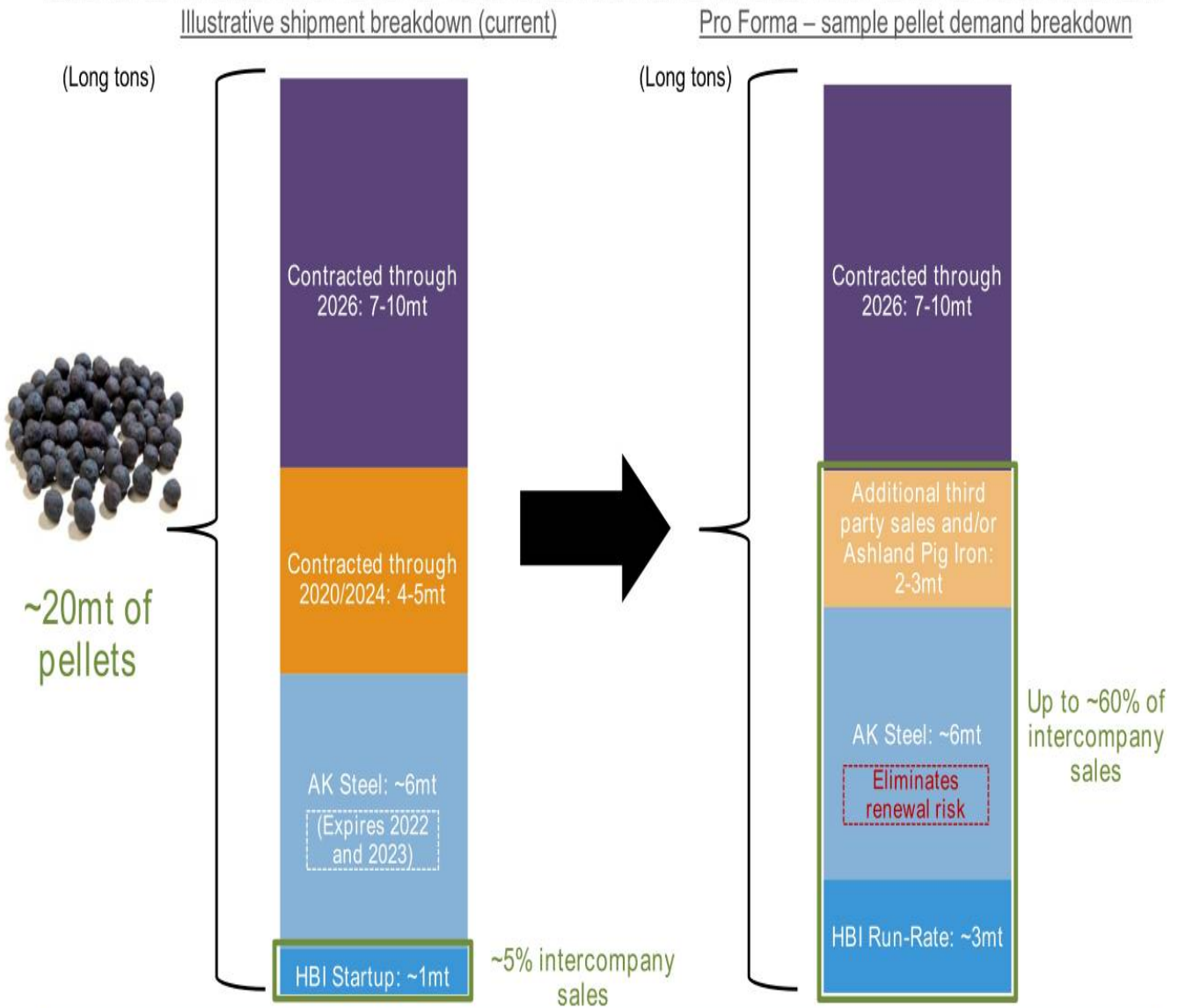
North America light vehicle production



Growing demand for ultra high-strength steels (UHSS)



SIGNIFICANTLY DE-RISKS CLEVELAND-CLIFFS' FUTURE PELLET OFFTAKE



Solidifies demand for substantially all of Cleveland-Cliffs' pellets for the foreseeable future

Note: For illustrative purposes: midpoints of ranges are being used to add to 20mt.

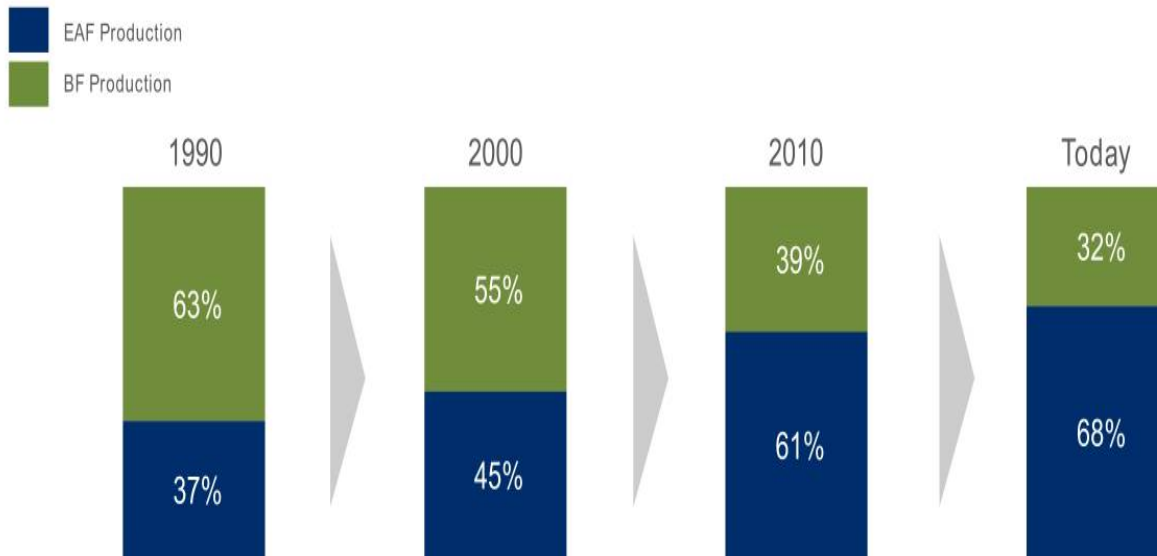
PROVIDES COMPELLING OPPORTUNITY FOR FURTHER EAF-ORIENTED GROWTH

Turns Ashland from a negative to a positive

- Potentially provides a compelling, low-capex, high-return opportunity to be a significant merchant pig iron supplier in the Great Lakes
- Eliminates up to \$60 million of closure-related costs
- Requires a high-quality pellet source that Cleveland-Cliffs is well-positioned to provide



Provides further expansion into attractive EAF market dynamics



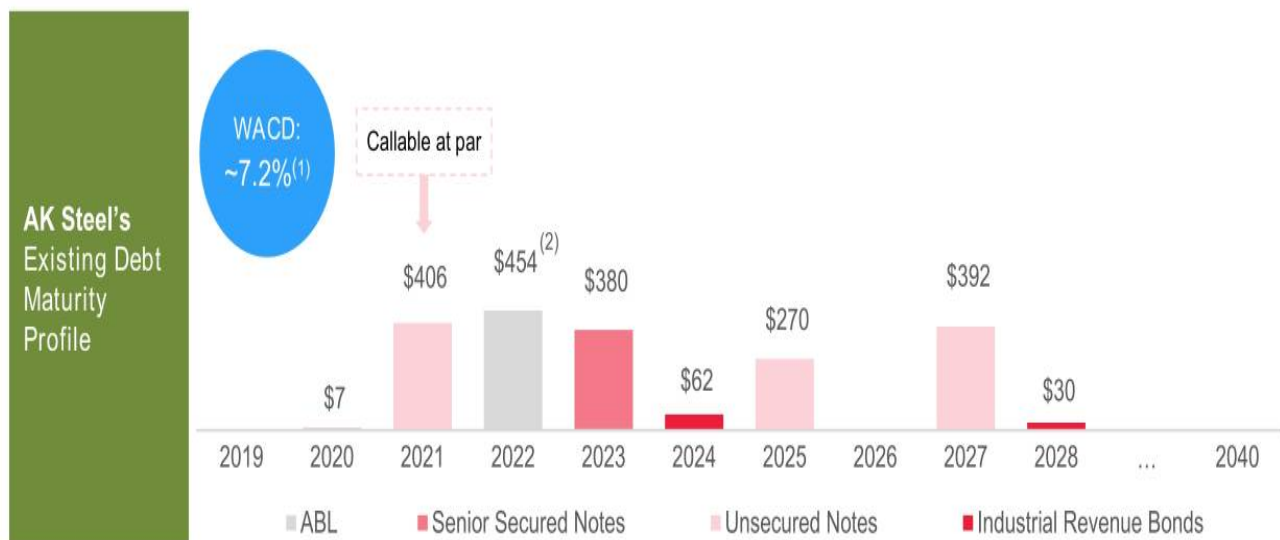
DELIVERS SIGNIFICANT SYNERGY POTENTIAL

- ✓ Approximately \$120 million in annual cost synergies estimated, including approximately \$40 million in annual public company-related cost savings alone
 - Using an assumed Cliffs multiple of 7.0x, value of synergies represents ~26% of combined market cap of the two companies

- ✓ Opportunity to avoid closure-**related costs at AK Steel's Ashland facility** through potential restart of pig iron manufacturing within the existing footprint

- ✓ Potential for significant interest expense savings from the refinancing of AK Steel's 2021 unsecured and 2023 secured notes

CLEVELAND-CLIFFS HAS AMPLE FINANCIAL CAPACITY TO ADDRESS AK STEEL'S NEAR-TERM MATURITIES

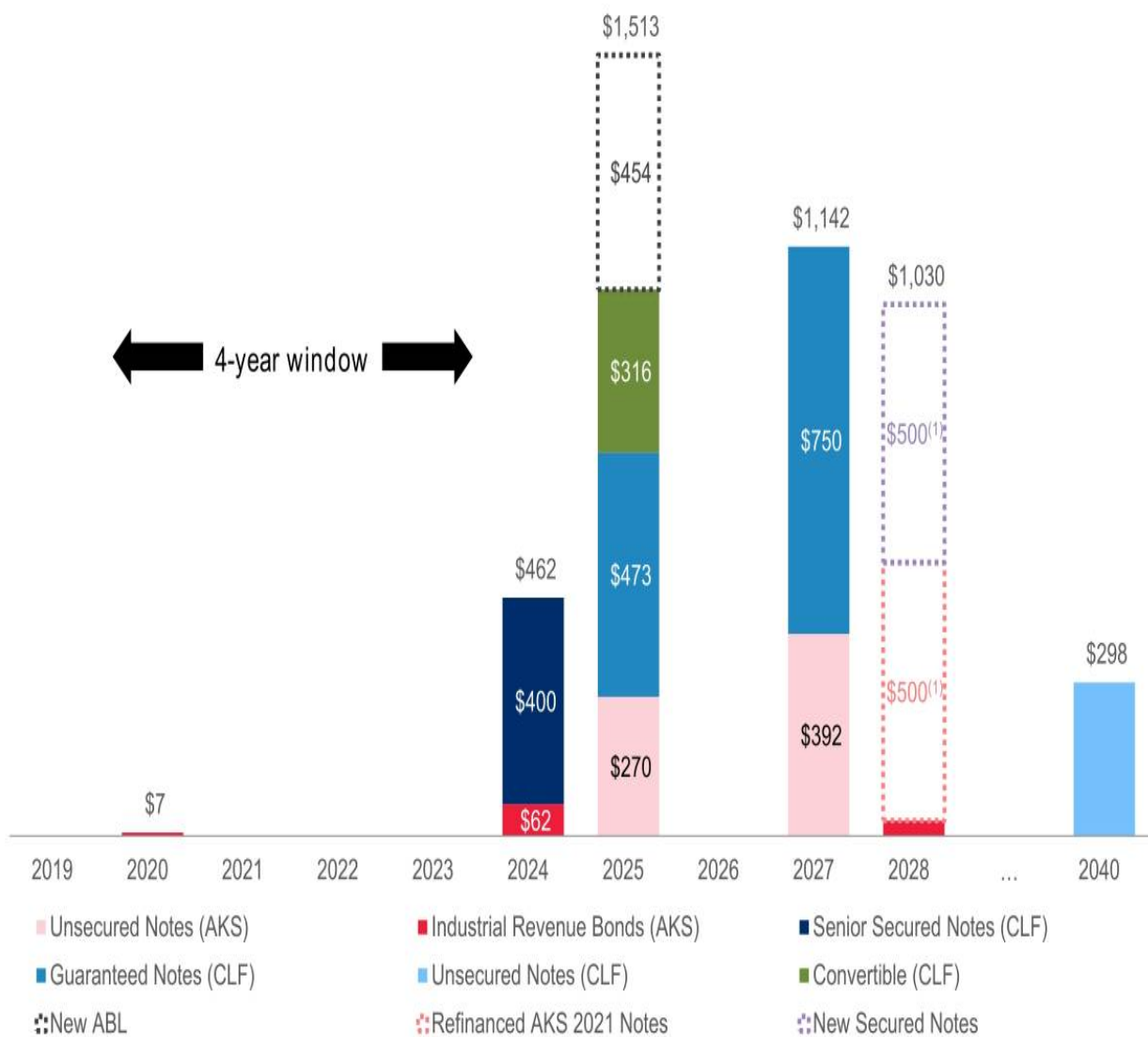


Source: Cleveland-Cliffs and AK Steel filings.

(1) Weighted average cost of debt; excludes ABL, Exchangeable Notes and Industrial Revenue Bonds.

(2) Balance as of September 30, 2019 and PF for repayment of \$149m Exchangeable Notes.

STRONG AND SUSTAINABLE PRO FORMA BALANCE SHEET



Source: Cleveland-Cliffs and AK Steel filings.

Note: Cleveland-Cliffs will offer to exchange AK Steel's 2025 and 2027 unsecured notes into Cleveland-Cliffs notes with the same economic terms and maturity. (1) Illustrative maturity date.

FINANCING STRATEGY IN PLACE TO ADDRESS AK STEEL BALANCE SHEET

<p>ABL</p>	<ul style="list-style-type: none"> • Cleveland-Cliffs' \$450 million ABL and AK Steel's \$1.5 billion ABL to be replaced by a new \$2.0 billion facility⁽¹⁾
<p>AK Steel 2023 Secured Notes</p>	<ul style="list-style-type: none"> • To be refinanced as part of the transaction with lower cost secured notes
<p>AK Steel 2021 Notes</p>	<ul style="list-style-type: none"> • To be refinanced opportunistically (callable at par)
<p>AK Steel 2025 & 2027 Notes</p>	<ul style="list-style-type: none"> • Offer to exchange for Cleveland-Cliffs notes with the same economic terms and maturity
<p>Rating Considerations</p>	<ul style="list-style-type: none"> • Transaction has been discussed with both agencies and the above financing strategy reflects those discussions • The pro forma company is expected to have a superior credit / ratings profile compared to AK Steel stand-alone



Note: Absent any action, the 2021, 2025 and 2027 Notes would sit at an AK Steel subsidiary and benefit from a guarantee from only AK Steel subsidiaries; however, prior to closing of the transaction, Cleveland-Cliffs plans to offer to exchange the 2025 & 2027 notes into Cleveland-Cliffs issued notes with the same economic terms and maturity and to opportunistically refinance the 2021 notes.

(1) Credit Suisse is providing commitment for a \$1.5 billion ABL facility, which Cleveland-Cliffs then plans to upsize to \$2.0 billion at a later date.

THE NEW CLEVELAND-CLIFFS

- ✓ Best-in-class, high-value added iron ore & steel producer in North America with industry leading margins
- ✓ Exceptionally well-positioned to generate value for diverse customer base across both BF and EAF businesses
- ✓ De-risks up to 9 million long tons of pellets (approximately 45% of annual sales tonnage)
- ✓ Meaningful cost synergies of approximately \$120 million per year expected
- ✓ Stronger financial position and growth catalysts (Ashland pig iron facility and downstream steel products) to drive shareholder value



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PF LTM Adjusted EBITDA:
\$1.3 billion⁽²⁾



PF LTM FCF:
\$923 million^(2,3)



\$120 million estimated
annual cost synergies



Leverage neutral



Source: Cleveland-Cliffs and AK Steel filings.

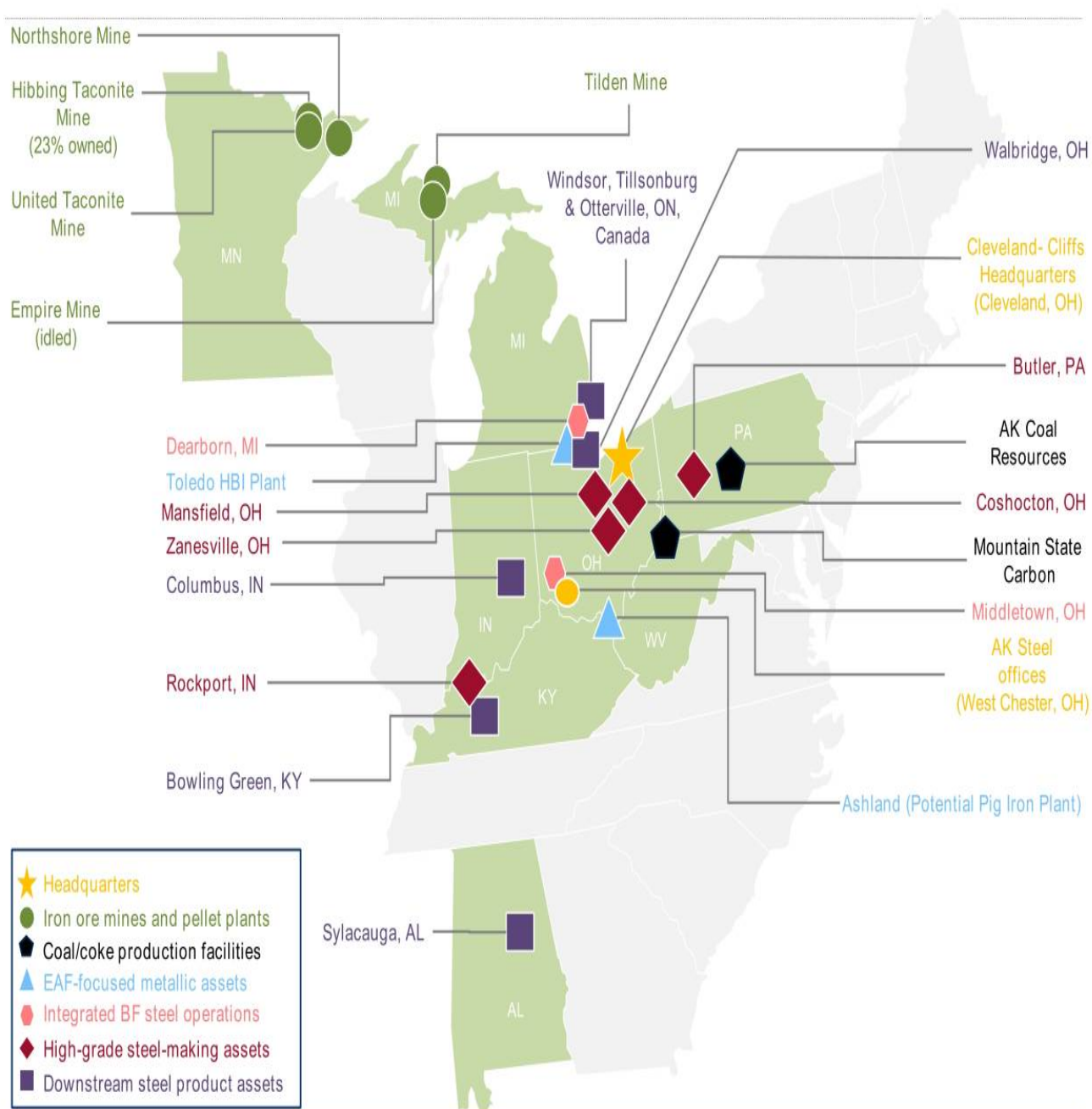
Note: Revenues, Adjusted EBITDA, FCF and synergy figures are approximate figures.

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THE NEW CLEVELAND-CLIFFS



Note: Map excludes AK Tube facility in Queretaro, Mexico.



TIMELINE TO CLOSE

