

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): August 13, 2023

**CLEVELAND-CLIFFS INC.**

(Exact name of registrant as specified in its charter)

Ohio 1-8944 34-1464672  
(State or Other Jurisdiction (Commission File Number) (IRS Employer  
of Incorporation or Organization) Identification No.)

200 Public Suite  
Square, 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 August 13, 2023, Cleveland-Cliffs Inc. (the “Company” or “Cliffs”) issued a press release confirming that it delivered to the board of directors of United States Steel Corporation (“U.S. Steel”) a proposal to acquire all of the outstanding shares of U.S. Steel for a per share consideration of \$17.50 in cash and 1.023 shares of Cliffs common stock. A copy of the press release, attached hereto as Exhibit 99.1, and the accompanying presentation slides referenced in the press release, attached hereto as Exhibit 99.2, are incorporated herein by reference.

The Company is publicly providing all four letters of correspondence between Cliffs and U.S. Steel related to the proposal. Copies of the following letters are attached hereto as Exhibit 99.3 and incorporated herein by reference:

1. July 28, 2023: Initial offer letter from Lourenco Goncalves to David Sutherland and David Burritt
2. August 7, 2023: Response letter from David Burritt to Lourenco Goncalves
3. August 11, 2023: Proposal clarification letter from Lourenco Goncalves to David Sutherland and David Burritt
4. August 13, 2023: Rejection letter from David Burritt to Lourenco Goncalves

Moelis & Company LLC, Wells Fargo, J.P. Morgan, UBS, MUFG and Truist Securities are acting as financial advisors to Cleveland-Cliffs and Davis Polk & Wardwell LLP is serving as legal counsel.

*Forward Looking Statements*

This report and the accompanying materials contain statements that constitute “forward-looking statements” within the meaning of the federal securities laws. All statements other than historical facts, including, without limitation, statements regarding our current expectations, estimates and projections about our industry, our business or a transaction with U.S. Steel, are forward-looking statements. We caution investors that any forward-looking statements are subject to risks and uncertainties that may cause actual results and future trends to differ materially from those matters expressed in or implied by such forward-looking statements. Investors are cautioned not to place undue reliance on forward-looking statements. Among the risks and uncertainties that could cause actual results to differ from those described in forward-looking statements are the following: the risk that a transaction with U.S. Steel may not be consummated; the risk that a transaction with U.S. Steel may be less accretive than expected, or may be dilutive, to Cliffs’ earnings per share, which may negatively affect the market price of Cliffs common shares; the possibility that Cliffs and U.S. Steel will incur significant transaction and other costs in connection with a potential transaction, which may be in excess of those anticipated by Cliffs; the risk that the financing transactions to be undertaken in connection with a transaction have a negative impact on the combined company’s credit profile or financial condition; the risk that Cliffs may fail to realize the benefits expected from a transaction; the risk that the combined company may be unable to achieve anticipated synergies or that it may take longer than expected to achieve those synergies; the risk that any announcements relating to, or the completion of, a transaction could have adverse effects on the market price of Cliffs common shares; and the risk related to any unforeseen liability and future capital expenditure of Cliffs related to a transaction.

For additional factors affecting the business of Cliffs, refer to Part I – Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2022, and other filings with the U.S. Securities and Exchange Commission (the “SEC”).

*Important Information for Investors and Shareholders*

This report relates to a proposal that Cliffs has made for an acquisition of U.S. Steel. In furtherance of this proposal and subject to future developments, Cliffs may file one or more registration statements, proxy statements, tender offer statements or other documents with the SEC. This report is not a substitute for any proxy statement, registration statement, tender offer statement or other document Cliffs may file with the SEC in connection with the proposed transaction.

Investors and security holders of Cliffs are urged to read the proxy statement(s), registration statement, tender offer statement and/or other documents filed with the SEC carefully in their entirety if and when they become available, as they will contain important information about the proposed transaction. Any definitive proxy statement(s) (if and when available) will be mailed to shareholders of Cliffs. Investors and security holders will be

able to obtain free copies of these documents (if and when available) and other documents filed with the SEC by Cliffs through the website maintained by the SEC at <http://www.sec.gov>.

This report shall not constitute an offer to sell or the solicitation of an offer to buy any securities, 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 jurisdiction. No offering 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.

This report is neither a solicitation of a proxy nor a substitute for any proxy statement or other filing that may be made with the SEC. Nonetheless, Cliffs and its directors and certain of its executive officers may be considered participants in the solicitation of proxies in connection with the proposed transaction. Information about the directors and executive officers of Cliffs is set forth in its Annual Report on Form 10-K for the year ended December 31, 2022, which was filed with the SEC on February 14, 2023, and its proxy statement for its 2023 annual meeting of shareholders, which was filed with the SEC on April 3, 2023.

Any information concerning U.S. Steel contained in this report has been taken from, or based upon, publicly available information. Although Cliffs does not have any information that would indicate that any information contained in this report that has been taken from such documents is inaccurate or incomplete, Cliffs does not take any responsibility for the accuracy or completeness of such information. To date, Cliffs has not had access to the books and records of U.S. Steel.

**Item 9.01. Financial Statements and Exhibits.**

<b>Exhibit Number</b>	<b>Description</b>
<a href="#">99.1</a>	Cleveland-Cliffs Inc. published a news release on August 13, 2023 captioned, "Cleveland-Cliffs Proposes to Acquire U.S. Steel."
<a href="#">99.2</a>	Presentation slides, dated August 2023.
<a href="#">99.3</a>	Letters of correspondence between Cleveland-Cliffs Inc. and United States Steel Corporation.
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: August 14, 2023

By: /s/ James D. Graham  
Name: James D. Graham  
Title: Executive Vice President, Human Resources, Chief  
Legal and Administrative Officer & Secretary



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## NEWS RELEASE

### Cleveland-Cliffs Proposes to Acquire U.S. Steel

Creates the Only American Steel Company Among the Top 10 Steelmakers in the World and  
*One of the World's Top 4 outside of China*

Provides Customers and Workers a Stronger and More Innovative American Steel Producer,  
With Scale to be Internationally Competitive

Provides U.S. Steel Shareholders an Immediate and Substantial Premium of 43% and  
Significant Upside Potential from the Combined Company

Combined Company Expected to Generate Synergies of Approximately \$500 Million

Proposal Provides a Clear Roadmap to Completion, including the Strong Support and Backing  
of the USW

CLEVELAND – August 13, 2023 – Cleveland-Cliffs Inc. (NYSE: CLF) (“Cleveland-Cliffs” or “Cliffs”) is publicly announcing a previously private offer that it had presented to the Board of the United States Steel Corporation (NYSE:X) (“U.S. Steel”) on July 28, 2023. That offer, which was reiterated in writing to the U.S. Steel Board on August 11, 2023, proposed acquiring 100% of the outstanding stock of U.S. Steel for a per share value of \$17.50 in cash and 1.023 shares of Cliffs stock. On July 28, 2023, this implied a total consideration value of \$35.00 per share of U.S. Steel stock, which represented a 42% premium to U.S. Steel’s share price as of the market close on July 28, 2023. As of the close of market on Friday, August 11, 2023, this offer represents a 43% premium to U.S. Steel’s share price. Notwithstanding the compelling economic terms of Cliffs’ offer, it was rejected as being “unreasonable” by the Board of Directors of U.S. Steel via a letter Cliffs received today, August 13, 2023. As such, Cliffs feels compelled to make its offer publicly known for the direct benefit of all of U.S. Steel’s stockholders and also make it known that Cliffs stands ready to engage on this offer immediately.

Under the terms of the United Steelworkers’ (USW) collective bargaining agreement with U.S. Steel, the USW has the right to counter this proposal. On this matter, the USW has affirmed in writing to Cliffs that it endorses the transaction and will not exercise this right. Furthermore, the USW has also stated that it will not endorse anyone other than Cliffs for a transaction. The letter

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of support from the USW related to the transaction can be found on Cliffs' website at [www.clevelandcliffs.com](http://www.clevelandcliffs.com).

To provide context to the above proposal, Lourenco Goncalves, Chairman, President and Chief Executive Officer of Cleveland-Cliffs said, "On July 28<sup>th</sup> I approached U.S. Steel's CEO and Board with a written proposal to acquire U.S. Steel for a substantial premium, valuing the company at \$35.00 per share with 50% cash and 50% stock. After two weeks without any substantive engagement from U.S. Steel with respect to the economic terms contained in our compelling proposal, U.S. Steel's board of directors rejected our proposal, calling it 'unreasonable.' As such, I believe it necessary to now make our proposal public to help expedite substantive engagement between our two companies. Although we are now public, I do look forward to continuing to engage with U.S. Steel on a potential transaction, as I am convinced that the value potential and competitiveness to come out of a combination of our two iconic American companies is exceptional."

Mr. Goncalves continued, "The numerous benefits we are excited about include the combination of our complementary U.S.-based footprint, our ability to leverage our in-house metallics capabilities, and enhancing our shared focus on emissions reduction. With these benefits, combined with our experience of extracting meaningful synergies from previous acquisitions, we expect to create a lower-cost, more innovative, and stronger domestic supplier for our customers across all segments. Furthermore, the transaction provides immediate multiple expansion to U.S. Steel stockholders, while simultaneously de-risking U.S. Steel's future capital spend with our substantial expected free cash flow and very healthy balance sheet. We also plan to ramp up capital returns to shareholders and implement a dividend upon completion of the transaction." Presentation slides that expand on the compelling strategic rationale of Cliffs' proposal can be found on Cliffs' website at [www.clevelandcliffs.com](http://www.clevelandcliffs.com).

Mr. Goncalves concluded, "Most importantly, our proposal has the full support of the United Steelworkers union. This is a testament to our unwavering commitment to our employees -- which would number approximately 40,500 pro forma for the transaction -- as well as to the communities in which we operate. We have proven in our previous M&A transactions our strong track record of significant value creation and our ability to grow the business through the addition of thousands of union jobs. Finally, with this transaction we will create the only American member of the Top 10 steel companies in the World, joining a select group of just three other companies outside of





China -- one European, one Japanese and one Korean. We believe that having Cleveland-Cliffs as a world-class, internationally competitive steel company is critical for our country to retain its economic leadership and to regain its manufacturing independence.”

As was noted in the letter that Cliffs sent to U.S. Steel on July 28, 2023, Cliffs remains prepared to engage immediately in substantive discussions with U.S. Steel to work towards a mutually acceptable definitive agreement and is ready to commit all necessary resources to finalize documentation.

The proposed transaction has the unanimous approval of Cliffs' Board of Directors and is not subject to any financing condition. Several tier 1 U.S. and international banks have advised in writing that they are highly confident that they will be able to arrange the necessary debt financing for the proposed transaction.

In addition, based on review by outside counsel, Cliffs believes the proposed transaction would receive regulatory approval in a timely manner.

Moelis & Company LLC, Wells Fargo, J.P. Morgan and UBS are acting as financial advisors to Cliffs and Davis Polk & Wardwell LLP is serving as legal counsel.

#### About Cleveland-Cliffs Inc.

Cleveland-Cliffs is the largest flat-rolled steel producer in North America. Founded in 1847 as a mine operator, Cliffs also is the largest manufacturer of iron ore pellets in North America. The Company is vertically integrated from mined raw materials, direct reduced iron, and ferrous scrap to primary steelmaking and downstream finishing, stamping, tooling, and tubing. Cleveland-Cliffs is the largest supplier of steel to the automotive industry in North America and serves a diverse range of other markets due to its comprehensive offering of flat-rolled steel products. Headquartered in Cleveland, Ohio, Cleveland-Cliffs employs approximately 27,000 people across its operations in the United States and Canada.

#### Forward-Looking Statements

This release contains statements that constitute "forward-looking statements" within the meaning of the federal securities laws. All statements other than historical facts, including, without limitation, statements regarding our current expectations, estimates and projections about our industry, our business or a transaction with United States Steel Corporation (U.S. Steel), are forward-looking statements. We caution investors that any forward-looking statements are subject to risks and uncertainties that may cause actual results and future trends to differ materially from those matters expressed in or implied by such forward-looking statements. Investors are cautioned not to place undue reliance on forward-looking statements. Among the risks and uncertainties that could cause actual results to differ from those described in forward-looking statements are the following: the risk that a transaction with U.S. Steel may not be consummated; the risk that a transaction with U.S. Steel may be less accretive than expected, or may be dilutive to Cliffs'

the risk that a transaction with U.S. Steel may be less accretive than expected, or may be dilutive, to CUMTS

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earnings per share, which may negatively affect the market price of Cliffs common shares; the possibility that Cliffs and U.S. Steel will incur significant transaction and other costs in connection with a potential transaction, which may be in excess of those anticipated by Cliffs; the risk that the financing transactions to be undertaken in connection with a transaction have a negative impact on the combined company's credit profile or financial condition; the risk that Cliffs may fail to realize the benefits expected from a transaction; the risk that the combined company may be unable to achieve anticipated synergies or that it may take longer than expected to achieve those synergies; the risk that any announcements relating to, or the completion of, a transaction could have adverse effects on the market price of Cliffs common shares; and the risk related to any unforeseen liability and future capital expenditure of Cliffs related to a transaction.

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Source: Cleveland-Cliffs Inc.

**MEDIA CONTACT:**

Patricia Persico  
Senior Director, Corporate Communications  
(216) 694-5316

**INVESTOR CONTACT:**

James Kerr  
Manager, Investor Relations  
(216) 694-7719

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# CLEVELAND-CLIFFS AND U.S. STEEL

Creation of a New Leader in Steel

—  
AUGUST 2023



# FORWARD-LOOKING STATEMENTS AND IMPORTANT INFORMATION

## FORWARD-LOOKING STATEMENTS

This presentation contains statements that constitute "forward-looking statements" within the meaning of the federal securities laws. All statements other than historical facts, including, without limitation, statements regarding our current expectations, estimates and projections about our industry, our business or a transaction with United States Steel Corporation (U.S. Steel), are forward-looking statements. We caution investors that any forward-looking statements are subject to risks and uncertainties that may cause actual results and future trends to differ materially from those matters expressed in or implied by such forward-looking statements. Investors are cautioned not to place undue reliance on forward-looking statements. Among the risks and uncertainties that could cause actual results to differ from those described in forward-looking statements are the following: the risk that a transaction with U.S. Steel may not be consummated; the risk that a transaction with U.S. Steel may be less accretive than expected, or may be dilutive, to Cliffs' earnings per share, which may negatively affect the market price of Cliffs common shares; the possibility that Cliffs and U.S. Steel will incur significant transaction and other costs in connection with a potential transaction, which may be in excess of those anticipated by Cliffs; the risk that the financing transactions to be undertaken in connection with a transaction have a negative impact on the combined company's credit profile or financial condition; the risk that Cliffs may fail to realize the benefits expected from a transaction; the risk that the combined company may be unable to achieve anticipated synergies or that it may take longer than expected to achieve those synergies; the risk that any announcements relating to, or the completion of, a transaction could have adverse effects on the market price of Cliffs common shares; and the risk related to any unforeseen liability and future capital expenditure of Cliffs related to a transaction.

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## IMPORTANT INFORMATION FOR INVESTORS AND STOCKHOLDERS

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# DELIVERY OF HIGHLY COMPELLING PROPOSAL TO U.S. STEEL SHAREHOLDERS

<b>Financially Attractive Offer</b>	<ul style="list-style-type: none"><li>• Transaction valued at approximately \$10 billion<sup>1</sup><ul style="list-style-type: none"><li>– \$17.50 per share in cash</li><li>– Exchange ratio of 1.023 shares of CLF for shares of X</li></ul></li></ul>
<b>Significant Premium</b>	<ul style="list-style-type: none"><li>▪ 43% premium based on last closing price of Cleveland-Cliffs and U.S. Steel common stock on August 11, 2023</li><li>▪ 42% premium based on last closing price of Cleveland-Cliffs and U.S. Steel common stock on July 28, 2023 (date of initial offer letter)</li></ul>
<b>Deal Certainty</b>	<ul style="list-style-type: none"><li>✓ Full support and backing of the USW</li><li>✓ No financing contingency</li><li>✓ Expected regulatory approval in a timely manner</li></ul>

1. Transaction value based on 30-day VWAP of Cleveland-Cliffs common stock

# CREATION OF A NEW LEADER IN STEEL...



Creates the only American steel company to be a member of the Top 10 steelmakers in the world



Complementary capabilities with iron ore, DRI, scrap and integrated/EAF steelmaking form ideal combination



Shared focus on aggressive emissions reduction more rapidly achieved with combined footprint



Provides customers and employees a stronger, more innovative, and more competitive domestic U.S. steel producer



Offer delivers estimated synergies of ~\$500 million, provides immediate multiple expansion to U.S. Steel stockholders and **de-risks U.S. Steel's capital spend**



Union support, limited diligence needs, significant shareholder overlap and financing certainty minimize execution risk



**CLIFFS**



PF 2022 Revenue:  
**\$44.1 Billion**

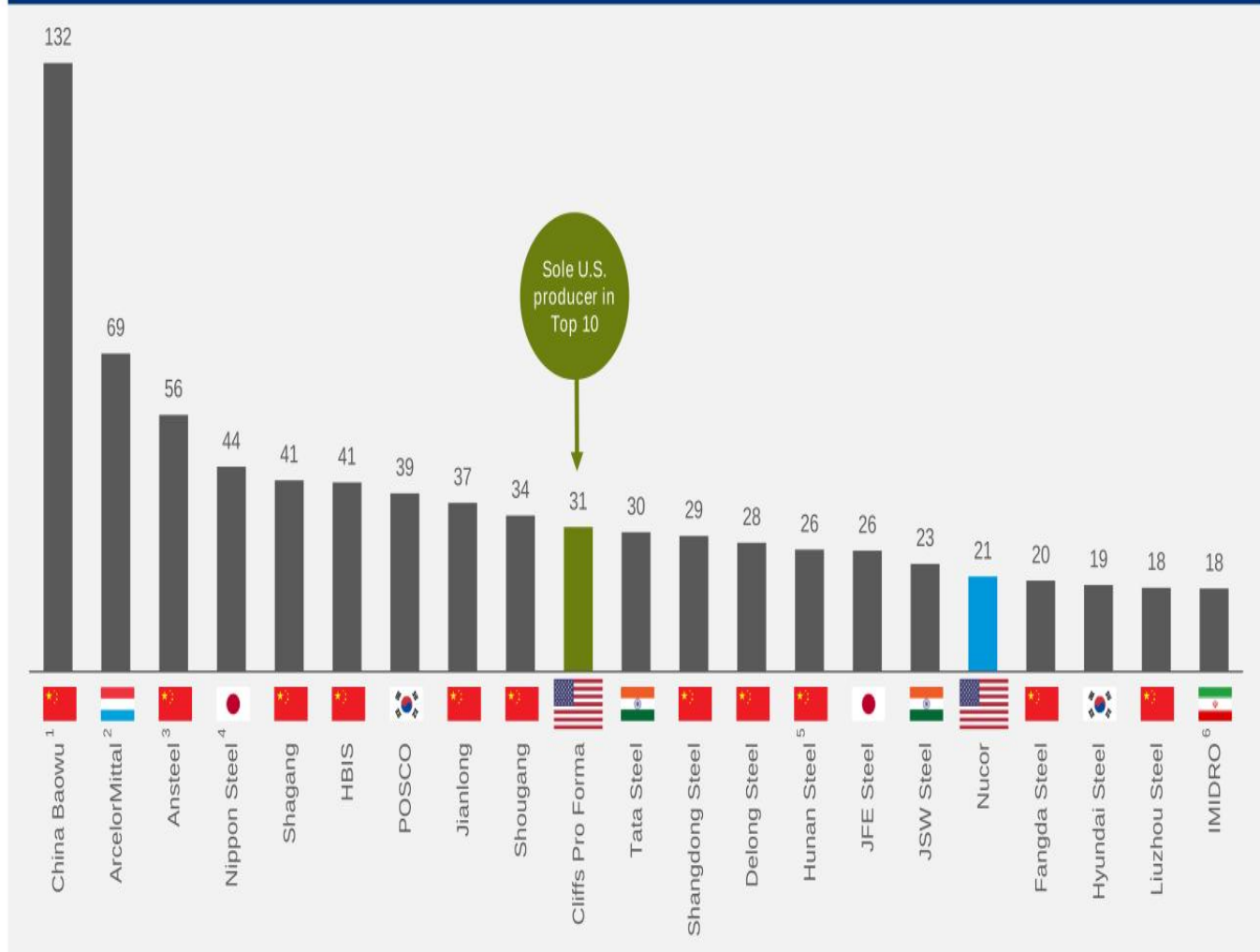
Note: Financials per SEC filings

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# ...AND THE ONLY U.S. COMPANY IN THE TOP 10 GLOBAL PRODUCERS OF STEEL

Global Steel Production – Top 20 Steel Producers (million metric tons)



Source: Association for Iron & Steel Technology and World Steel Association  
 Note: Reflects 2022 production; IMIDRO and NLMK are estimates

- 1. Includes tonnage of Xinyu Steel
- 2. Includes 60% AM/NS India (former Essar Steel)
- 3. Includes tonnage of Benxi Steel

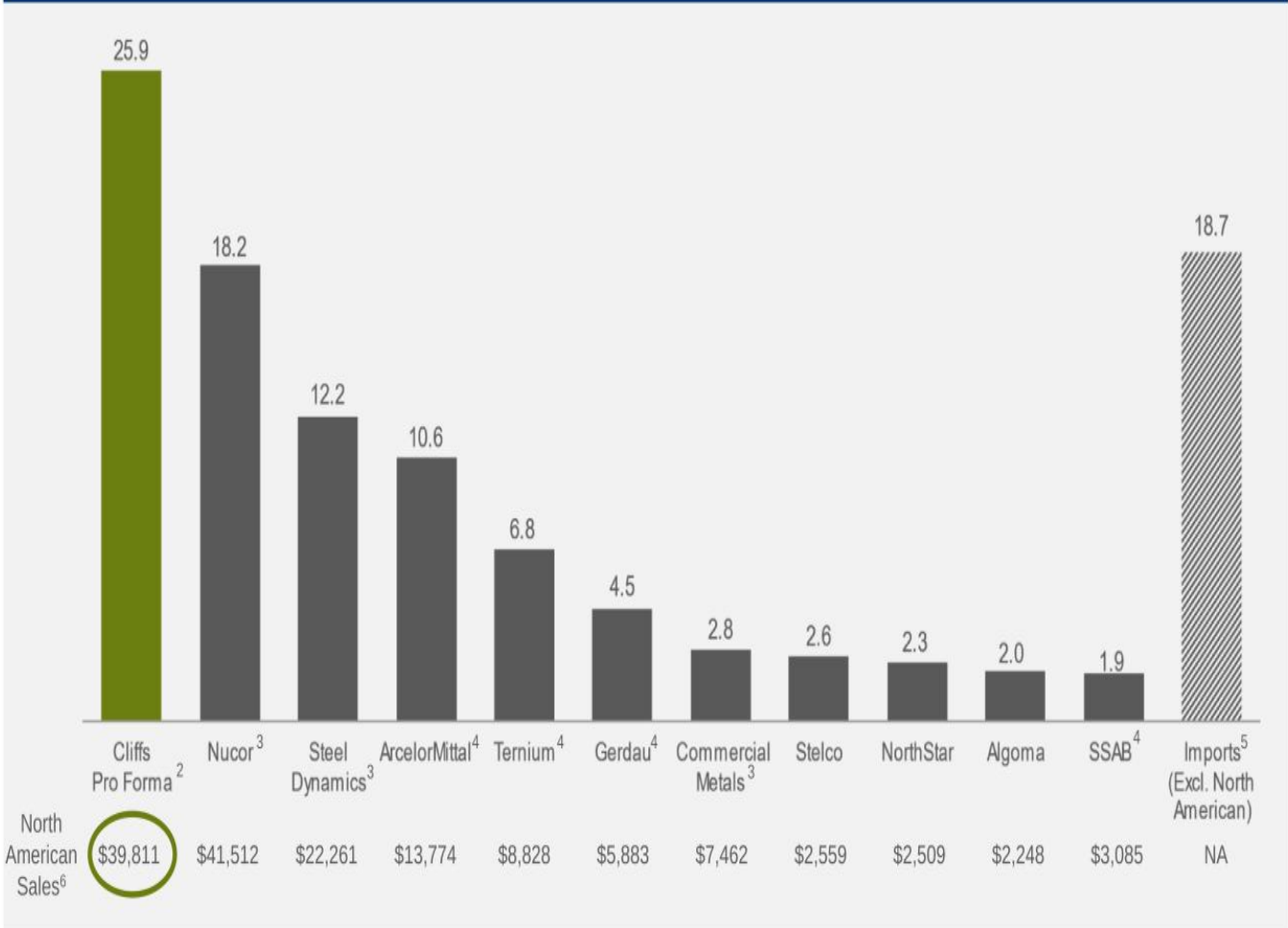
- 4. Includes Nippon Steel Stainless Steel Corp.; Sanyo Special Steel, Ovako, 40% of AM/NS India and 31.4% of USIMINAS
- 5. Former Valin Group
- 6. Estimated tonnage of Mobarakeh Steel, Esfahan Steel, Khuzestan Steel and NISCO

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# THE MOST DYNAMIC, COMPETITIVE STEELMAKER IN NORTH AMERICA

## North America Steel Shipments (million net tons)<sup>1</sup>



1. Represents CY2022A North America steel shipments (in net tons) for each producer listed, except where otherwise noted  
 2. Excludes U.S. Steel Europe segment shipments of 3.8Mnt  
 3. Nucor figure reflects third-party shipments from steel mills division; Steel Dynamics figure reflects third-party shipments from steel operations division; Commercial Metals figure reflects LTM 11/30/2022 steel shipments  
 4. Represents North America steel shipments for each of ArcelorMittal, Gerdau and SSAB. Represents Mexico steel shipments for Ternium  
 5. Reflects CY2022A seaborne imports per the International Trade Administration U.S. Steel Monitor  
 6. Represents CY2022A North American net sales; Commercial Metals reflects LTM 11/30/2022 net sales; figures in USD using applicable foreign exchange rate as of 12/31/2022

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# DELIVERS HIGHLY COMPLEMENTARY OPERATIONAL FOOTPRINT IN NORTH AMERICA



Annual capacity noted in italics



Note: Iron ore and metallics figures represent gross tons and steel figures represent net tons; steel capacities represent crude steelmaking

1. Represents 2022A production



# ENHANCES IN-HOUSE RAW MATERIALS CAPABILITIES



FPT Scrap

FPT acquired in 2021



HBI

Toledo HBI production  
started in 2020



Mini Mill

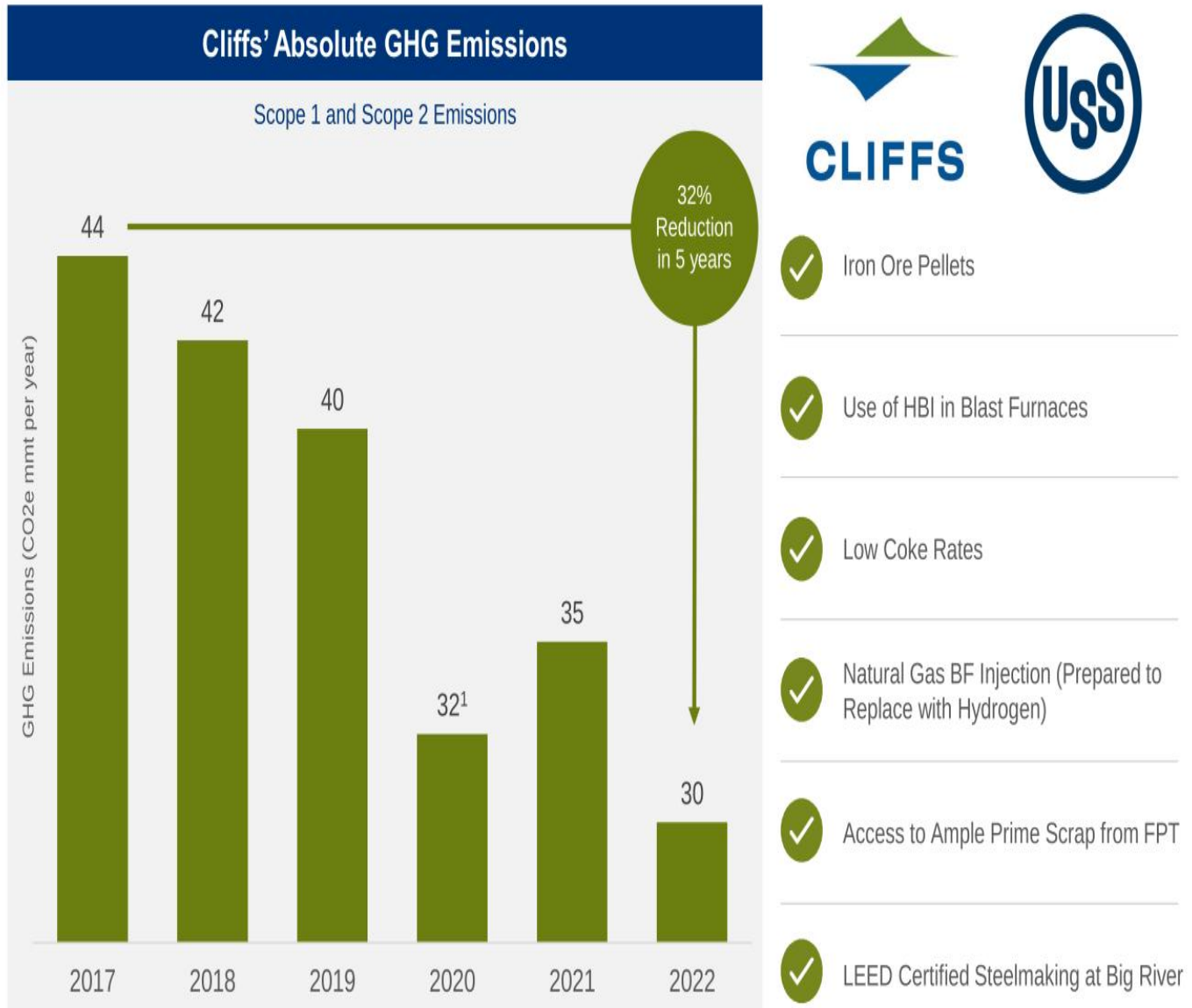


BF-BOF

- ✓ Secures prime scrap for EAFs
- ✓ HBI used in blast furnaces

# CREATES AN ESG LEADER

Pro forma company well positioned to accelerate GHG emissions reductions across shared asset base



Note: Pro forma GHG emissions profile of Cliffs' current operating footprint

1. 2020 GHG emission levels were lower than expected due to pandemic-related production levels



# DELIVERS SIGNIFICANT VALUE CREATION POTENTIAL

~\$500 million in synergies

## Cost Synergies

- ✓ Significant synergies from asset and capex optimization
- ✓ Procurement savings (healthcare, raw materials, supplies and freight, among others)
- ✓ SG&A and channel efficiencies as a result of complementary operating platforms
- ✓ Reduction of corporate and public company costs

## Investment Synergies

- ✓ Enhanced financial and capital markets profile and robust FCF substantially de-risk U.S. Steel's multi-year strategic initiatives

## Multiple Expansion

- ✓ Potential for trading multiple expansion as a result of stronger financial position and growth to drive shareholder value

**Both companies' shareholders will be direct beneficiaries of the significant synergies in the pro forma company and valuation uplift potential going forward**

# PROVIDES OPPORTUNITY FOR IMMEDIATE MULTIPLE EXPANSION

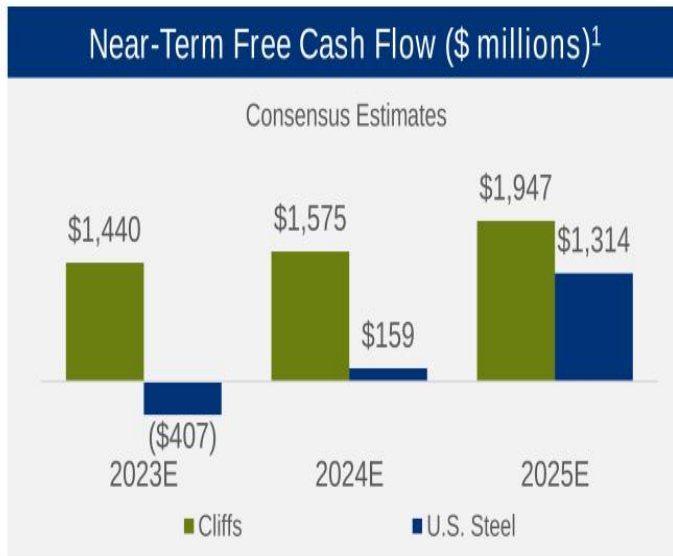
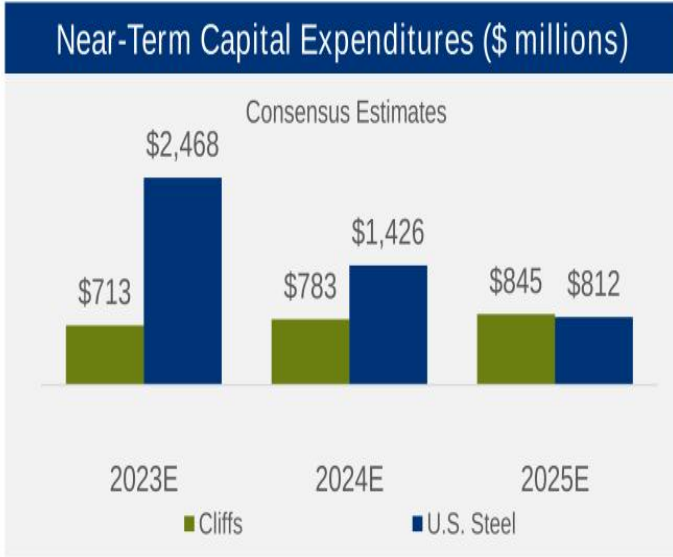


Note: NTM EBITDA multiples over the 2 year period ending on 07/28/2023, the initial offer date

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# DE-RISKS U.S. STEEL'S CAPITAL SPEND



Note: Cliffs and U.S. Steel figures represent consensus estimates; market data as of 08/11/2023

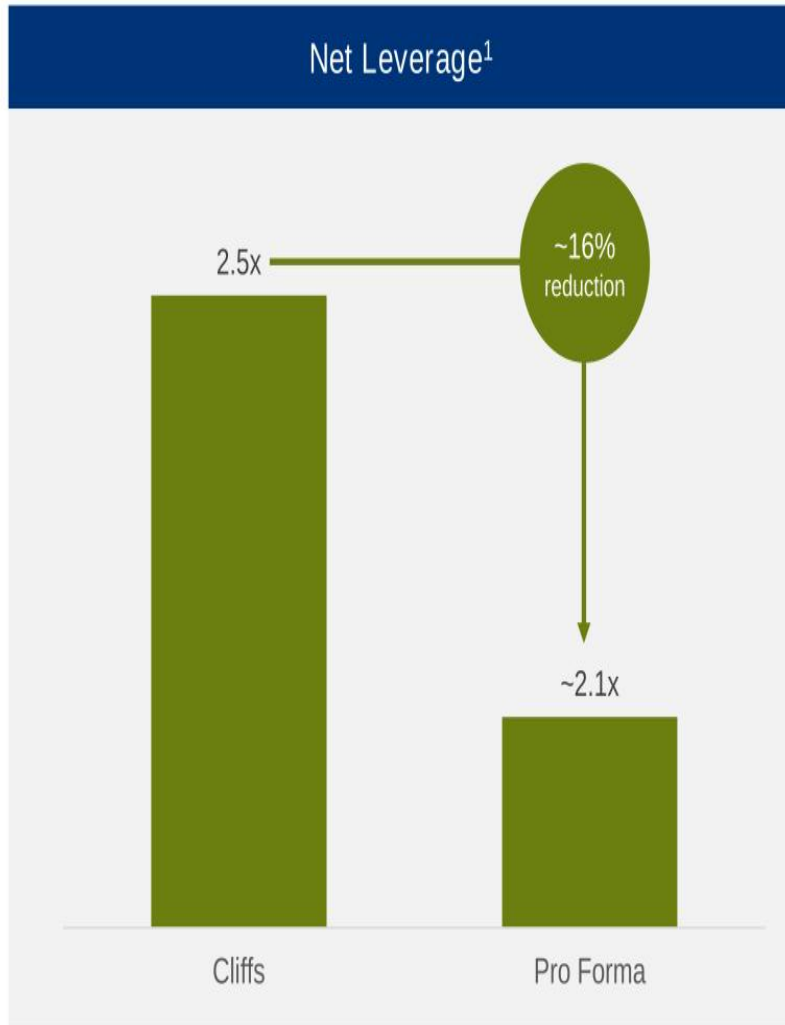
1. Free cash flow defined as EBITDA – capex

2. Pro forma free cash flow figures including synergies of \$500mm in 2024E and 2025E

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# IMPROVED BALANCE SHEET AND FINANCIAL PROFILE



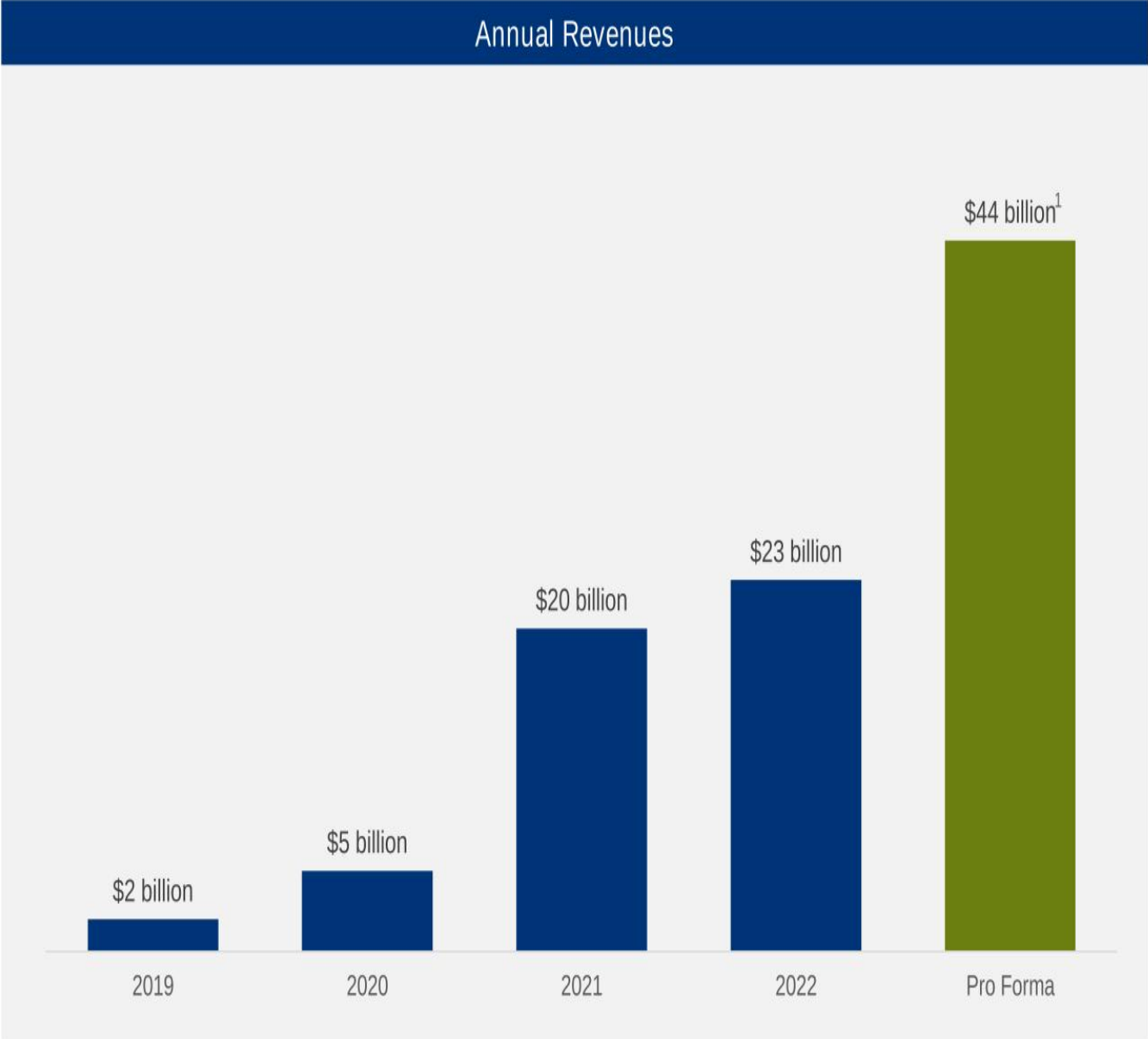
### Strong Pro Forma Profile

- ✓ Significant pro forma FCF profile to pay down debt in the immediate term
- ✓ Intention to maintain Cliffs' track record of strong (and improving) credit ratings
- ✓ EPS accretive in year one

Cliffs expects to maintain existing credit ratings

1. LTM 06/30/2023 leverage (pro forma includes synergies)

# CLIFFS' CONSISTENT TRACK RECORD OF TRANSFORMATIVE GROWTH



1. Pro forma 2022 revenue



# PROVEN ABILITY TO DELIVER ADDITIONAL JOBS AND RE-INVEST IN CRITICAL MATERIALS

	 2020	 ArcelorMittal USA <sup>1</sup> 2020
Transaction Value <sup>2</sup>	\$3.0 billion	\$3.3 billion
Net Job Creation	~1,700 new jobs added	
Re-investment in Critical Niche Materials For U.S. Supply Chain	Electrical Steel	Tinplate
Cost Synergies Planned vs. Achieved	 \$120 million Overachieved	 \$150 million Overachieved

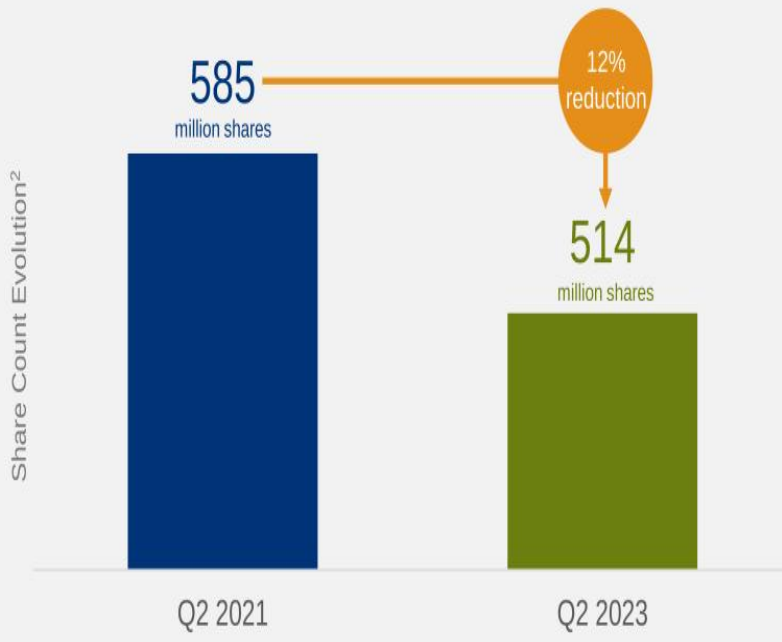
1. Transaction details can be found in SEC Filings

2. Represents total enterprise value; ArcelorMittal USA enterprise value includes assumption of pension/OPEB liabilities and working capital

# COMMITMENT TO CAPITAL RETURNS

## Significant Share Repurchase Program Since 2022

- ✓ Announced \$1 billion share repurchase program in 2022
- ✓ Repurchased 12.5 million shares in 2022
- ✓ ~\$666 million remaining under current repurchase program<sup>1</sup>



## Meaningful Quarterly Dividend Going Forward

- ✓ Initiating a \$0.05 per share quarterly dividend in conjunction with the transaction
- ✓ Will deliver ~\$155 million in annual dividend to all shareholders

1. As of Q2 2023

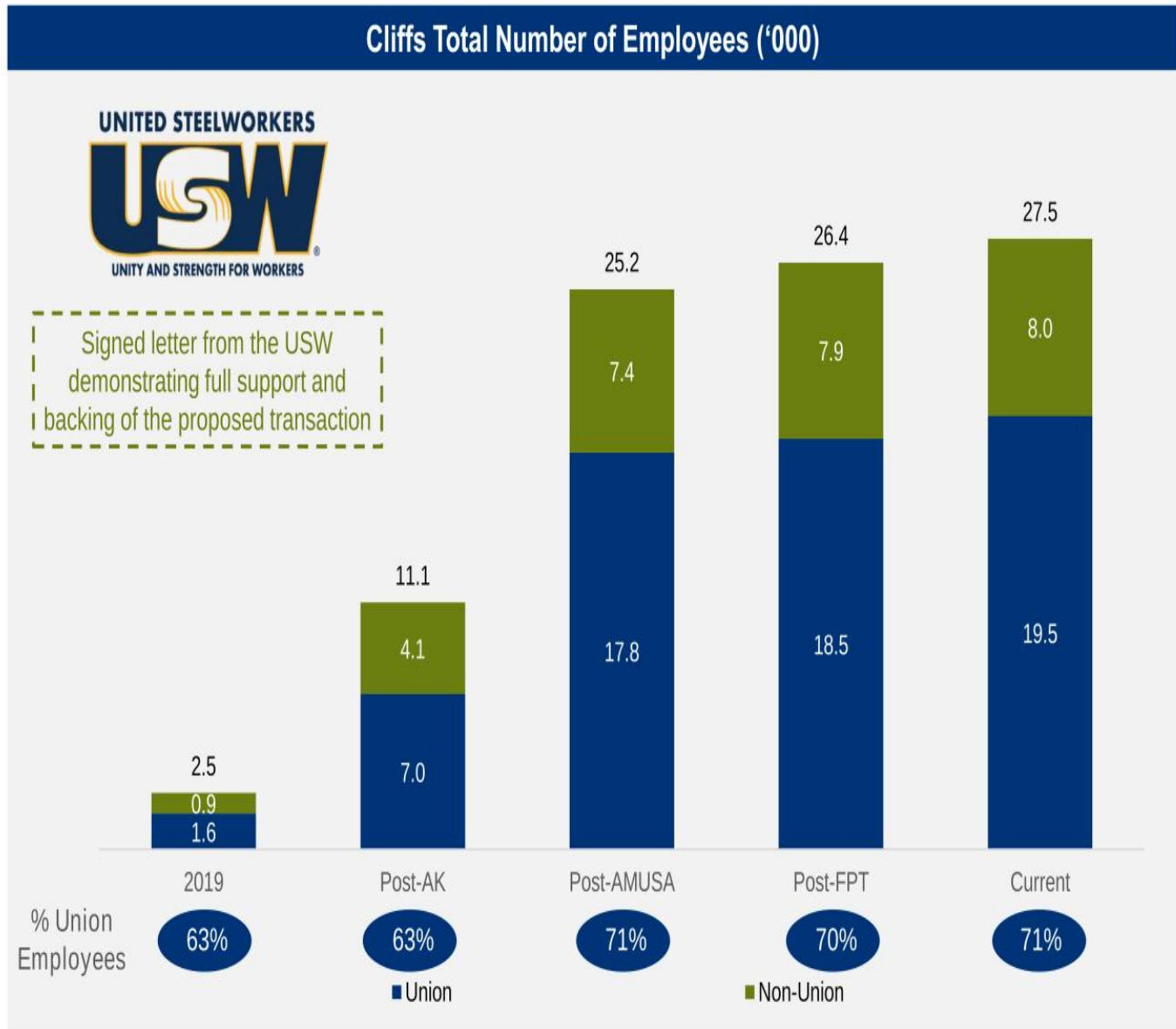
2. Represents diluted shares outstanding

# LONGSTANDING FOCUS ON LIABILITY REDUCTION

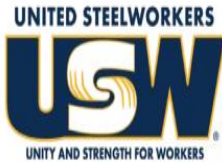




# EXTREMELY STRONG RELATIONSHIP WITH GROWING UNION WORKFORCE



# FULL SUPPORT AND BACKING OF THE USW



August 3, 2023

To Whom It May Concern:

This letter is to express the United Steelworkers' (USW) support of the acquisition of United States Steel Corporation (USS) by Cleveland-Cliffs Inc. (Cliffs).

Under the terms of the USW's collective bargaining agreement with USS, the USW has the right to counter any proposal to acquire a controlling interest in USS or its facilities covered by the USW agreement. The USW has a very strong relationship with Cliffs and will not exercise this right of a counter offer. It will, rather, unequivocally endorse such a transaction. Moreover, the USW will not endorse anyone other than Cliffs for such a transaction.

Over the years, Cliffs has shown itself to be an outstanding employer to all of its workers, including its long-legacy operations in iron ore and more recently its steel operations from the 2020 acquisitions of AK Steel and ArcelorMittal USA. Different from typical acquirers, Cliffs did not cut union jobs when it bought AK Steel and ArcelorMittal USA, but rather significantly increased the union workforce. Cliffs now has more than 14,000 members of the USW. Cliffs has also proven itself to be a collaborative partner to the USW leadership. This is evidenced by the labor contracts negotiated and ratified last year in which both Cliffs and the USW worked hand-in-hand to meaningfully improve the work conditions, wage rates and the benefits for its USW employees.

We have no doubt that the extension of our strong partnership with Cliffs to the 11,000 union represented employees at USS will benefit the employees, their families and the communities in which they operate. A strong and productive U.S. labor force is of utmost importance to our country.

Maintaining American leadership in the steel industry is critical to many vital parts of the U.S. economy. The USW feels that Cliffs is the single steel producer in the best position to ensure that U.S. based manufacturing remains strong in this country with the support of the USW and its represented workforce.

Sincerely,

Thomas M. Conway,  
International President - United Steelworkers

# CLEAR ROADMAP TO COMPLETION

- ✓ Proposed transaction has the full support and backing of the USW
- ✓ 60% overlap across all institutional shareholders<sup>1</sup>
- ✓ Regulatory approval expected in timely manner
- ✓ Signed highly confident letters from several tier 1 U.S. and international banks
- ✓ Minimal private-side business due diligence required<sup>2</sup>
- ✓ Unanimous support of Cliffs Board
- ✓ Substantial time and effort already expended with key advisors in place

1. Top 3 and 15 Cliffs shareholders own 24% and 36% of U.S. Steel, respectively

2. Customary public company legal due diligence needed to get to definitive agreement

# CLIFFS' PROPOSAL IS COMPELLING FOR ALL STAKEHOLDERS



Creates a top 10 steel company in the world

Domestic Economic Security	▶	Combination provides a stronger foundation for critical infrastructure and national security, along with accelerated job creation and economic impact
Employees	▶	Unwavering commitment to all employees, as evidenced by the full support of the USW and strong track record of growing Cliffs' hourly workforce
Communities	▶	Significant U.S.-based footprint with ~40,500 <sup>1</sup> employees across 16 states
Customers	▶	Broad-based steelmaking capability set, with particular excellence in value-add steels critical to the U.S. economy
Shareholders	▶	Delivery of ~\$500 million of annual synergies, a de-risked financial profile and strong capital returns going forward

1. U.S. Steel active North American employees and Cliffs U.S. employees as of 12/31/2022





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CLEVELAND-CLIFFS INC.

200 Public Square, Suite 3300, Cleveland, OH 44114

P 216.694.5700 clevelandcliffs.com

David S. Sutherland, Chairman of the Board  
David B. Burritt, President & Chief Executive Officer  
United States Steel Corporation  
600 Grant Street  
Pittsburgh, PA 15219-2800

July 28, 2023

Gentlemen:

On behalf of Cleveland-Cliffs Inc. (“Cliffs”), I would like to express Cliffs’ strong interest in pursuing the acquisition (the “Transaction”) of United States Steel Corporation (the “Company”). To that end, we are pleased to submit this non-binding proposal, which has been reviewed with and has the support of Cliffs’ Board of Directors (this “Proposal”), to acquire the Company in a combined stock and cash transaction with an implied total enterprise value of approximately \$10 billion. Specifically, we are proposing a mix of 50% cash and 50% stock, and we are valuing the Company’s stock at \$35.00 per share. This Proposal represents a premium of 42% to the Company’s closing share price of \$24.67 on July 28, 2023, and a premium of 43% to the Company’s 30-day volume-weighted average price of \$24.41.

This Proposal is based on 257.65 million fully diluted Company shares outstanding and \$753 million of Company net debt as of June 30, 2023, assuming the Company’s convertible notes are converted to equity at \$35.00. This Proposal also assumes that the Company’s public disclosure is an accurate reflection of the state of its operations and liabilities, and that the Company maintains its current capitalization and asset configuration in substantially the same form and substance as they currently exist.

**We believe that your Board members – as well as your stockholders, many of whom are also our shareholders – will enthusiastically support this Proposal.** As explained in the attached supplemental materials, the Transaction creates a leading diversified company within the American steel landscape. The cash component of the Proposal allows for the Company’s stockholders to recognize significant and immediate cash certainty in the Company’s very relevant accomplishments to-date. The Company’s stockholders will also have the opportunity to benefit from the meaningful upside we anticipate in the form of Cliffs’ stock. In particular, the Transaction will deliver significant synergies for the benefit of all pro forma shareholders. It will also serve to de-risk the Company’s strategic initiatives through enhanced scale and feedstock profile, and a robust pro forma free cash flow.

Please note that **we are offering this substantial premium based on the synergies we envision achieving as a combined company, which we believe will reach the \$500 million mark.** As we have proven with our acquisitions and subsequent integrations of AK Steel and ArcelorMittal USA, Cleveland-Cliffs has a strong track record achieving meaningful synergies through scale, logistics and asset optimization. **The achievement of these synergies would make our respective companies more valuable combined than on a standalone basis, justifying our premium offer.**

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United States Steel Corporation  
July 28, 2023  
Page 2 of 2

Among other relevant considerations, we would like to emphasize the following two points:

- i) Our scrap company FPT can support the current needs of the Company's existing EAFs, as well as the significantly increased scrap needs upon completion of the ongoing Big River Steel expansion; and
- ii) Similarly to how we currently operate our blast furnaces, the HBI produced in our state-of-the-art Direct Reduction plant can be utilized in the Company's blast furnaces, with quantifiable positive impacts on coke rate and CO2 emissions.

Of note, Cliffs has ample liquidity and access to capital sources to finance the Transaction and to repay or assume any indebtedness of the Company requiring repayment in connection with the Transaction. The Transaction is not subject to a financing condition, although it would be subject to approval by Cliffs' shareholders, whom, for the reasons noted above (among others), we are confident will be fully supportive. We are attaching for your reference "highly confident" letters from each of Wells Fargo, UBS, MUFG and Truist in support of financing the Transaction.

Moreover, **we have a very good relationship with the United Steelworkers (USW), which we believe provides Cliffs with a unique position to facilitate the smooth execution of the Transaction.**

Our executive management and advisors are committed to devoting the required resources that are necessary to quickly and efficiently complete our due diligence and finalize mutually acceptable definitive agreements on appropriate and customary terms. Given our familiarity with the Company, we will require only the completion of limited business due diligence along with customary public company legal due diligence in order to proceed with the Transaction. As a further demonstration of our commitment to the Transaction, we have already engaged Moelis & Company and Wells Fargo as our financial advisors, as well as Davis Polk as our legal counsel. **Very importantly, based on our preliminary analysis of the Transaction with Davis Polk, we anticipate that the Transaction will clear all applicable antitrust and other regulatory reviews in a timely manner.**

This Proposal is intended to provide a framework that will allow us to discuss the Transaction and is not intended to, and does not, create or constitute any legally binding obligation between the parties. We are excited about this opportunity and are prepared to move forward expeditiously. In order to do so, **we require a formal, written response regarding this Proposal by 5:00 p.m. ET on August 7, 2023.** We welcome the opportunity to further discuss this Proposal at your convenience.

Sincerely,



Lourenco Goncalves  
Chairman, President and Chief Executive Officer

cc: Duane D. Holloway, SVP, General Counsel, and Chief Ethics & Compliance Officer

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United States Steel Corporation  
600 Grant Street, Suite 6100  
Pittsburgh, PA 15219-2800  
(412) 433-1130

**David B. Burritt**  
President & Chief Executive Officer

Lourenco Goncalves  
Chairman, President and Chief Executive Officer  
Cleveland-Cliffs Inc.  
200 Public Square, Suite 3300  
Cleveland, OH 44114

**CONFIDENTIAL - SENT VIA EMAIL**

August 7, 2023

Dear Lourenco,

I am writing to you on behalf of United States Steel Corporation (the "Company") in response to Cleveland-Cliffs Inc.'s proposal letter dated July 28, 2023. Since receiving your proposal, the Company's Board has met, with the assistance of our financial advisors, Barclays and Goldman Sachs, and our legal advisors, Milbank and Wachtell, to evaluate the merits and risks of your proposal. Additionally, our financial advisors have had a clarifying discussion with your financial advisors, and our legal counsel has connected with your counsel to discuss Davis Polk's regulatory analysis of the proposal.

Based on this preliminary work, we would like to execute a Non-Disclosure Agreement in order to evaluate if the proposal, including price, consideration mix, regulatory risk and execution, is in the best interest of our stockholders. For a transaction with significant stock consideration, we need to conduct customary due diligence on your forecast and strategy to evaluate the upsides you cite and the inherent risks.

In addition, we would need to be highly confident that the deal would receive the required regulatory clearances on a timely basis and in a manner that would not adversely impact the value of your proposal. We understand from the call with your counsel that your regulatory analysis is still at a preliminary stage. We appreciate that Davis Polk has acknowledged they have further work to do on their analysis in a number of important areas, including the competitive dynamics in several of the product overlaps, anticipated customer reactions and risk and scope of potential remedies. We would like to hear and understand where they come out on these analyses and are willing to cooperate with them in working through these issues.

In an effort to proceed without delay, I have attached a draft mutual Non-Disclosure Agreement ("NDA") which we are prepared to execute immediately. The draft will look familiar. It is substantially similar to the form of NDA that our companies previously signed on two separate occasions.

Our Board of Directors takes its fiduciary duties very seriously and hopes to conduct this review expeditiously with the full support of our teams and advisors. Once the NDA is in place, our respective advisors can arrange a plan to complete the full review of your proposal and respond accordingly.

We look forward to discussing the plan.

Sincerely,

David B. Burritt  
President & Chief Executive Officer

CC: David S. Sutherland  
Board Chair, United States Steel Corporation Board of Directors

Duane D. Holloway  
United States Steel Corporation, SVP, General Counsel, and Chief Ethics & Compliance Officer

James D. Graham





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David S. Sutherland, Chairman of the Board  
David B. Burritt, President & Chief Executive Officer  
United States Steel Corporation  
600 Grant Street  
Pittsburgh, PA 15219-2800

RE: **Proposal Clarification**

August 11, 2023

Gentlemen:

On behalf of Cleveland-Cliffs Inc. ("Cliffs"), I am writing to provide further clarification to our non-binding proposal, dated July 28, 2023 (our "Proposal"), for the acquisition (the "Transaction") of United States Steel Corporation (the "Company", or "U.S. Steel"). It is my understanding from your advisors that you and your Board would benefit from clarity on the exchange ratio underlying our Proposal. To that end, I am pleased to provide you that clarity.

As indicated in our letter dated July 28, 2023, our Proposal would have delivered to each U.S. Steel stockholder, for each U.S. Steel share, \$17.50 in cash and \$17.50 in shares of Cliffs, representing an exchange ratio of 1.023.

Notwithstanding your lack of a response to the economic terms contained in our Proposal by the deadline of August 7, 2023, we remain willing to deliver to each U.S. Steel stockholder, for each U.S. Steel share, \$17.50 in cash and the same exchange ratio of 1.023 shares in Cliffs.

Of note, this represents an increased premium of 45% to U.S. Steel's closing share price on August 10, 2023, as compared to a premium of 42% to U.S. Steel's closing share price on July 28, 2023.

**We continue to believe that your Board members, as well as your stockholders – many of whom are also our shareholders – will enthusiastically support our Proposal.**

Furthermore, **we know that the United Steelworkers also enthusiastically support our Proposal, as is evidenced in the letter they provided to us on August 3, 2023, which we forwarded to your advisors on August 5, 2023.**

The clarifications to our Proposal are intended to provide a framework that will allow us to constructively engage on a potential Transaction and are not intended to, and do not, create or constitute any legally binding obligation between the parties. As you know, we continue to be extremely interested in this opportunity and are prepared to move forward expeditiously. In order to do so, however, **we require a formal, written response regarding alignment on the economic terms of our Proposal by 5:00 p.m. ET on August 13, 2023.** We acknowledge any Transaction remains subject to your due diligence needs over the coming weeks, but **we will not sign the proposed Mutual Non-Disclosure Agreement, including any standstill provision, until we receive such written response.**

Sincerely,

Lourenco Goncalves  
Chairman, President and Chief Executive Officer

cc: Duane D. Holloway, SVP, General Counsel, and Chief Ethics & Compliance Officer

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United States Steel Corporation  
600 Grant Street, Suite 6100  
Pittsburgh, PA 15219-2800  
(412) 433-1130

David B. Burritt  
President & Chief Executive Officer

Lourenco Goncalves  
Chairman, President and Chief Executive Officer  
Cleveland-Cliffs Inc.  
200 Public Square, Suite 3300  
Cleveland, OH 44114

CONFIDENTIAL - SENT VIA EMAIL

August 13, 2023

Dear Lourenco,

I am writing on behalf of United States Steel Corporation (the "Company") in response to Cleveland-Cliffs Inc.'s proposal letter dated July 28, 2023 and further updated on August 11, 2023. Since receiving your initial proposal, the Company's Board has met multiple times, with the assistance of our financial advisors, Barclays and Goldman Sachs, and our legal advisors, Milbank and Wachtell, to evaluate the merits and risks of your proposal.

At my and the Board's direction, our advisors indicated our willingness to enter into an NDA with you on August 7, 2023, so that we could have further clarity on several key issues, including valuation of the stock component of your proposal, regulatory risk and timing as well as the prospects for the combined company. We discussed with your counsel questions that would need to be better understood in order for both of us to appropriately assess the antitrust risk of your proposal; and while your counsel agreed that this would need to be analyzed, and was amenable to our proposal to work on this together, this still has not happened. After multiple conversations about, and our team's engagement in good faith negotiations over, the terms of the NDA, we were shocked to receive a letter on Friday, August 11<sup>th</sup> stating that you refused to sign the nearly completed NDA unless we agree to the economic terms of your proposal in advance.

As you well know, our Board – or any board – could not, consistent with its fiduciary duties, agree to a proposal of which 50% is represented by your stock without conducting a thorough and completely customary due diligence process, to evaluate the risks and potential upsides and downsides inherent in the transaction, including the stock component. Doing otherwise would be tantamount to accepting a price without knowing what it in fact represents. Nor could our Board agree to your "headline price" without appropriate discussion – under NDA – regarding the contribution of U. S. Steel to the value of the combined businesses. Pushing our Board to do so is in essence a demand that it breach its fiduciary duties.

The Company, led by the Board and management team, has made significant progress transforming the Company into a customer-centric, world-competitive Best for All<sup>®</sup> steelmaker as we continue to win in strategic markets, move down the cost curve and move up the talent curve. This proven strategy has provided customers with profitable steel solutions for people and the planet, while rewarding our stockholders. At this juncture, we cannot determine whether your unsolicited proposal properly reflects the full and fair value of the Company.

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United States Steel Corporation  
600 Grant Street, Suite 6100  
Pittsburgh, PA 15219-2800  
(412) 433-1130

David B. Burritt  
President & Chief Executive Officer

For all of the above reasons, the Board has no choice but to reject your unreasonable proposal.

The U. S. Steel Board remains committed to maximizing value for stockholders, and to that end has decided to initiate a formal review process to evaluate strategic alternatives. If you would like to engage in that process, we invite you to reach out to our financial and legal representatives and welcome you to join our process.

Sincerely,

A handwritten signature in black ink, appearing to read 'DBB' with a stylized flourish at the end.

David Burritt  
President & Chief Executive Officer

CC: David S. Sutherland  
Board Chair, United States Steel Corporation Board of Directors

Duane D. Holloway  
United States Steel Corporation, SVP, General Counsel, and Chief Ethics & Compliance Officer

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