

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

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

For the quarterly period ended September 30, 2020
OR

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

For the transition period from _____ to _____.

Commission File Number: 1-8944



CLEVELAND-CLIFFS INC.

(Exact Name of Registrant as Specified in Its Charter)

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

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

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

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

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

Yes No

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

Yes No

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

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

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

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

Yes No

The number of shares outstanding of the registrant's common shares, par value \$0.125 per share, was 399,241,687 as of October 22, 2020.

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DEFINITIONS

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

Abbreviation or acronym	Term
ABL Facility	Asset-Based Revolving Credit Agreement, by and among Bank of America, N.A., as Agent, the Lenders that are parties thereto, as the Lenders, and Cleveland-Cliffs Inc., as Parent and a Borrower, dated as of March 13, 2020, as amended
Adjusted EBITDA	EBITDA excluding certain items such as EBITDA of noncontrolling interests, extinguishment of debt, severance, acquisition-related costs, amortization of inventory step-up, impacts of discontinued operations and intersegment corporate allocations of selling, general and administrative costs
AK Coal	AK Coal Resources, Inc., an indirect, wholly owned subsidiary of AK Steel, and related coal mining assets
AK Steel	AK Steel Holding Corporation and its consolidated subsidiaries, including AK Steel Corporation, its direct, wholly owned subsidiary, collectively, unless stated otherwise or the context indicates otherwise
AK Tube	AK Tube LLC, an indirect, wholly owned subsidiary of AK Steel
AMT	Alternative Minimum Tax
AOCI	Accumulated Other Comprehensive Income (Loss)
ArcelorMittal S.A.	ArcelorMittal S.A., an entity formed under the laws of Luxembourg and the ultimate parent entity of ArcelorMittal USA
ArcelorMittal USA	ArcelorMittal USA LLC (including many of its United States affiliates, subsidiaries and representatives. References to ArcelorMittal USA comprise all such relationships unless a specific ArcelorMittal USA entity is referenced)
ASC	Accounting Standards Codification
Atlantic Basin Pellet Premium	Platts Atlantic Basin Blast Furnace 65% Fe pellet premium
Board	The Board of Directors of Cleveland-Cliffs Inc.
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act
Compensation Committee	Compensation and Organization Committee of the Board
COVID-19	A novel strain of coronavirus that the World Health Organization declared a global pandemic in March 2020
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
DR-grade	Direct Reduction-grade
EAF	Electric Arc Furnace
EBITDA	Earnings before interest, taxes, depreciation and amortization
Empire	Empire Iron Mining Partnership
EPA	U.S. Environmental Protection Agency
ERISA	Employee Retirement Income Security Act of 1974, as amended
Exchange Act	Securities Exchange Act of 1934, as amended
Fe	Iron
FILO	First-in, last-out
Former ABL Facility	Amended and Restated Syndicated Facility Agreement by and among Bank of America, N.A., as Administrative Agent, the Lenders that are parties thereto, as the Lenders, Cleveland-Cliffs Inc., as Parent and a Borrower, and the Subsidiaries of Parent party thereto, as Borrowers, dated as of March 30, 2015, as amended and restated as of February 28, 2018, and as further amended
GAAP	Accounting principles generally accepted in the United States
HBI	Hot Briquetted Iron
Hibbing	Hibbing Taconite Company, an unincorporated joint venture
Hot-rolled coil steel price	Estimated average annual daily market price for hot-rolled coil steel
IRBs	Industrial Revenue Bonds
LIBOR	London Interbank Offered Rate
LIFO	Last-in, first-out
Long ton	2,240 pounds
Merger	The merger of Merger Sub with and into AK Steel, with AK Steel surviving the merger as a wholly owned subsidiary of Cliffs, subject to the terms and conditions set forth in the Merger Agreement, effective as of March 13, 2020
Merger Agreement	Agreement and Plan of Merger, dated as of December 2, 2019, among Cliffs, AK Steel and Merger Sub
Merger Sub	Pepper Merger Sub Inc., a direct, wholly owned subsidiary of Cliffs prior to the Merger
Metric ton	2,205 pounds
MMBtu	Million British Thermal Units
MSHA	U.S. Mine Safety and Health Administration
Net ton	2,000 pounds
Northshore	Northshore Mining Company
OPEB	Other postretirement benefits
Platts 62% Price	Platts IODEX 62% Fe Fines cost and freight North China
PPI	Producer Price Indices

Abbreviation or acronym	Term
Precision Partners	PPHC Holdings, LLC (an indirect, wholly owned subsidiary of AK Steel) and its subsidiaries, collectively, unless stated otherwise or the context indicates otherwise
RCRA	Resource Conservation and Recovery Act
SEC	U.S. Securities and Exchange Commission
Section 232	Section 232 of the Trade Expansion Act of 1962, as amended
Securities Act	Securities Act of 1933, as amended
SunCoke Middletown	Middletown Coke Company, LLC, a subsidiary of SunCoke Energy, Inc.
Tilden	Tilden Mining Company L.C.
Topic 805	ASC Topic 805, Business Combinations
Topic 815	ASC Topic 815, Derivatives and Hedging
Transaction	The purchase of substantially all of the operations of ArcelorMittal USA, subject to the terms and conditions set forth in the Transaction Agreement
Transaction Agreement	Transaction Agreement, by and between Cliffs and ArcelorMittal S.A., dated as of September 28, 2020
United Taconite	United Taconite LLC
U.S.	United States of America
U.S. Steel	Ontario Hibbing Company, a subsidiary of United States Steel Corporation and a participant in Hibbing
USMCA	United States-Mexico-Canada Agreement
VIE	Variable Interest Entity

PART I

Item 1. Financial Statements

Statements of Unaudited Condensed Consolidated Financial Position

Cleveland-Cliffs Inc. and Subsidiaries

	(In Millions)	
	September 30, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 56.0	\$ 352.6
Accounts receivable, net	653.7	94.0
Inventories	1,795.1	317.4
Income tax receivable, current	9.0	58.6
Other current assets	115.0	75.3
Total current assets	2,628.8	897.9
Non-current assets:		
Property, plant and equipment, net	4,550.7	1,929.0
Goodwill	144.0	2.1
Intangible assets, net	190.1	48.1
Income tax receivable, non-current	—	62.7
Deferred income taxes	519.5	459.5
Right-of-use asset, operating lease	207.7	11.7
Other non-current assets	240.1	92.8
TOTAL ASSETS	\$ 8,480.9	\$ 3,503.8
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 710.7	\$ 193.2
Accrued liabilities	279.4	126.3
Other current liabilities	224.0	89.9
Total current liabilities	1,214.1	409.4
Non-current liabilities:		
Long-term debt	4,309.8	2,113.8
Operating lease liability, non-current	174.1	10.5
Intangible liabilities, net	65.9	—
Pension and OPEB liabilities	1,130.6	311.5
Asset retirement obligations	182.0	163.2
Other non-current liabilities	280.7	137.5
TOTAL LIABILITIES	7,357.2	3,145.9
Commitments and contingencies (See Note 18)		
Equity:		
Common shares - par value \$0.125 per share		
Authorized - 600,000,000 shares (2019 - 600,000,000 shares);		
Issued - 428,645,866 shares (2019 - 301,886,794 shares);		
Outstanding - 399,229,917 shares (2019 - 270,084,005 shares)	53.6	37.7
Capital in excess of par value of shares	4,446.3	3,872.1
Retained deficit	(3,052.5)	(2,842.4)
Cost of 29,415,949 common shares in treasury (2019 - 31,802,789 shares)	(354.8)	(390.7)
Accumulated other comprehensive loss	(282.0)	(318.8)
Total Cliffs shareholders' equity	810.6	357.9
Noncontrolling interest	313.1	—
TOTAL EQUITY	1,123.7	357.9
TOTAL LIABILITIES AND EQUITY	\$ 8,480.9	\$ 3,503.8

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

Statements of Unaudited Condensed Consolidated Operations

Cleveland-Cliffs Inc. and Subsidiaries

	(In Millions, Except Per Share Amounts)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenues	\$ 1,646.0	\$ 555.6	\$ 3,063.2	\$ 1,455.8
Realization of deferred revenue	—	—	34.6	—
Operating costs:				
Cost of goods sold	(1,525.4)	(400.7)	(3,088.9)	(1,007.0)
Selling, general and administrative expenses	(59.6)	(25.5)	(149.2)	(82.2)
Acquisition-related costs	(7.5)	—	(68.4)	—
Miscellaneous – net	(15.5)	(7.8)	(40.5)	(19.0)
Total operating costs	(1,608.0)	(434.0)	(3,347.0)	(1,108.2)
Operating income (loss)	38.0	121.6	(249.2)	347.6
Other income (expense):				
Interest expense, net	(68.2)	(25.3)	(167.9)	(76.5)
Gain (loss) on extinguishment of debt	—	—	132.6	(18.2)
Other non-operating income	10.0	0.3	31.2	1.3
Total other expense	(58.2)	(25.0)	(4.1)	(93.4)
Income (loss) from continuing operations before income taxes	(20.2)	96.6	(253.3)	254.2
Income tax benefit (expense)	22.4	(4.8)	98.5	(23.1)
Income (loss) from continuing operations	2.2	91.8	(154.8)	231.1
Loss from discontinued operations, net of tax	(0.3)	(0.9)	—	(1.5)
Net income (loss)	1.9	90.9	(154.8)	229.6
Income attributable to noncontrolling interest	(11.9)	—	(31.2)	—
Net income (loss) attributable to Cliffs shareholders	\$ (10.0)	\$ 90.9	\$ (186.0)	\$ 229.6
Earnings (loss) per common share attributable to Cliffs shareholders - basic				
Continuing operations	\$ (0.02)	\$ 0.34	\$ (0.51)	\$ 0.83
Discontinued operations	—	—	—	(0.01)
	<u>\$ (0.02)</u>	<u>\$ 0.34</u>	<u>\$ (0.51)</u>	<u>\$ 0.82</u>
Earnings (loss) per common share attributable to Cliffs shareholders - diluted				
Continuing operations	\$ (0.02)	\$ 0.33	\$ (0.51)	\$ 0.80
Discontinued operations	—	—	—	—
	<u>\$ (0.02)</u>	<u>\$ 0.33</u>	<u>\$ (0.51)</u>	<u>\$ 0.80</u>
Average number of shares (in thousands)				
Basic	399,399	269,960	365,245	278,418
Diluted	399,399	276,578	365,245	287,755

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

Statements of Unaudited Condensed Consolidated Comprehensive Income (Loss)

Cleveland-Cliffs Inc. and Subsidiaries

	(In Millions)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income (loss)	\$ 1.9	\$ 90.9	\$ (154.8)	\$ 229.6
Other comprehensive income:				
Changes in pension and OPEB, net of tax	6.6	5.8	18.2	17.3
Changes in foreign currency translation	1.6	—	1.4	—
Changes in derivative financial instruments, net of tax	15.7	0.4	17.2	1.0
Total other comprehensive income	23.9	6.2	36.8	18.3
Comprehensive income (loss)	25.8	97.1	(118.0)	247.9
Comprehensive income attributable to noncontrolling interests	(11.9)	—	(31.2)	—
Comprehensive income (loss) attributable to Cliffs shareholders	\$ 13.9	\$ 97.1	\$ (149.2)	\$ 247.9

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

Statements of Unaudited Condensed Consolidated Cash Flows

Cleveland-Cliffs Inc. and Subsidiaries

	(In Millions)	
	Nine Months Ended September 30,	
	2020	2019
OPERATING ACTIVITIES		
Net income (loss)	\$ (154.8)	\$ 229.6
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation, depletion and amortization	183.9	63.1
Amortization of inventory step-up	74.0	—
Deferred income taxes	(89.9)	22.7
Loss (gain) on extinguishment of debt	(132.6)	18.2
Loss (gain) on derivatives	(19.1)	48.4
Other	(13.0)	49.4
Changes in operating assets and liabilities, net of business combination:		
Receivables and other assets	259.8	174.1
Inventories	(4.2)	(147.0)
Payables, accrued expenses and other liabilities	(157.3)	(70.4)
Net cash provided (used) by operating activities	(53.2)	388.1
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(378.9)	(460.7)
Acquisition of AK Steel, net of cash acquired	(869.3)	—
Other investing activities	8.0	11.2
Net cash used by investing activities	(1,240.2)	(449.5)
FINANCING ACTIVITIES		
Repurchase of common shares	—	(252.9)
Proceeds from issuance of debt	1,762.9	720.9
Debt issuance costs	(57.5)	(6.8)
Repurchase of debt	(999.5)	(729.3)
Borrowings under credit facilities	800.0	—
Repayments under credit facilities	(400.0)	—
Dividends paid	(40.8)	(45.1)
SunCoke Middletown distributions to noncontrolling interest owners	(47.6)	—
Other financing activities	(23.3)	(53.7)
Net cash provided (used) by financing activities	994.2	(366.9)
Decrease in cash and cash equivalents, including cash classified within other current assets related to discontinued operations	(299.2)	(428.3)
Less: decrease in cash and cash equivalents from discontinued operations, classified within other current assets	(2.6)	(4.4)
Net decrease in cash and cash equivalents	(296.6)	(423.9)
Cash and cash equivalents at beginning of period	352.6	823.2
Cash and cash equivalents at end of period	\$ 56.0	\$ 399.3

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

Statements of Unaudited Condensed Consolidated Changes in Equity

Cleveland-Cliffs Inc. and Subsidiaries

	(In Millions)							
	Number of Common Shares Outstanding	Par Value of Common Shares Issued	Capital in Excess of Par Value of Shares	Retained Deficit	Common Shares in Treasury	AOCI	Non- controlling Interests	Total
December 31, 2019	270.1	\$ 37.7	\$ 3,872.1	\$ (2,842.4)	\$ (390.7)	\$ (318.8)	\$ —	\$ 357.9
Comprehensive income (loss)	—	—	—	(52.1)	—	1.7	3.5	(46.9)
Stock and other incentive plans	1.7	—	(23.6)	—	25.7	—	—	2.1
Acquisition of AK Steel	126.8	15.9	601.7	—	—	—	329.8	947.4
Common share dividends (\$0.06 per share)	—	—	—	(24.0)	—	—	—	(24.0)
Net distributions to noncontrolling interests	—	—	—	—	—	—	(5.5)	(5.5)
March 31, 2020	398.6	\$ 53.6	\$ 4,450.2	\$ (2,918.5)	\$ (365.0)	\$ (317.1)	\$ 327.8	\$ 1,231.0
Comprehensive income (loss)	—	—	—	(123.9)	—	11.2	15.8	(96.9)
Stock and other incentive plans	0.6	—	(6.6)	—	9.1	—	—	2.5
Common share dividends	—	—	—	(0.1)	—	—	—	(0.1)
Net distributions to noncontrolling interests	—	—	—	—	—	—	(18.3)	(18.3)
June 30, 2020	399.2	\$ 53.6	\$ 4,443.6	\$ (3,042.5)	\$ (355.9)	\$ (305.9)	\$ 325.3	\$ 1,118.2
Comprehensive income (loss)	—	—	—	(10.0)	—	23.9	11.9	25.8
Stock and other incentive plans	—	—	2.7	—	1.1	—	—	3.8
Net distributions to noncontrolling interests	—	—	—	—	—	—	(24.1)	(24.1)
September 30, 2020	399.2	\$ 53.6	\$ 4,446.3	\$ (3,052.5)	\$ (354.8)	\$ (282.0)	\$ 313.1	\$ 1,123.7

	(In Millions)							
	Number of Common Shares Outstanding	Par Value of Common Shares Issued	Capital in Excess of Par Value of Shares	Retained Deficit	Common Shares in Treasury	AOCI	Total	
December 31, 2018	292.6	\$ 37.7	\$ 3,916.7	\$ (3,060.2)	\$ (186.1)	\$ (283.9)	\$ 424.2	
Comprehensive income (loss)	—	—	—	(22.1)	—	8.4	(13.7)	
Stock and other incentive plans	1.7	—	(56.5)	—	46.5	—	(10.0)	
Common share repurchases	(11.5)	—	—	—	(124.3)	—	(124.3)	
Common share dividends (\$0.05 per share)	—	—	—	(14.5)	—	—	(14.5)	
March 31, 2019	282.8	\$ 37.7	\$ 3,860.2	\$ (3,096.8)	\$ (263.9)	\$ (275.5)	\$ 261.7	
Comprehensive income	—	—	—	160.8	—	3.7	164.5	
Stock and other incentive plans	0.1	—	3.4	—	1.2	—	4.6	
Common share repurchases	(12.9)	—	—	—	(128.6)	—	(128.6)	
Common share dividends (\$0.06 per share)	—	—	—	(16.6)	—	—	(16.6)	
June 30, 2019	270.0	\$ 37.7	\$ 3,863.6	\$ (2,952.6)	\$ (391.3)	\$ (271.8)	\$ 285.6	
Comprehensive income	—	—	—	90.9	—	6.2	97.1	
Stock and other incentive plans	0.1	—	4.1	—	0.4	—	4.5	
Common share dividends (\$0.10 per share)	—	—	—	(27.3)	—	—	(27.3)	
September 30, 2019	270.1	\$ 37.7	\$ 3,867.7	\$ (2,889.0)	\$ (390.9)	\$ (265.6)	\$ 359.9	

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

Notes to Unaudited Condensed Consolidated Financial Statements

Cleveland-Cliffs Inc. and Subsidiaries

NOTE 1 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Business, Consolidation and Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with SEC rules and regulations and, in the opinion of management, include all adjustments (consisting of normal recurring adjustments) necessary to present fairly the financial position, results of operations, comprehensive income (loss), cash flows and changes in equity for the periods presented. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management bases its estimates on various assumptions and historical experience, which are believed to be reasonable; however, due to the inherent nature of estimates, actual results may differ significantly due to changed conditions or assumptions. The results of operations for the three and nine months ended September 30, 2020 are not necessarily indicative of results to be expected for the year ending December 31, 2020 or any other future period. Due to the acquisition of AK Steel, certain balances have become material and are no longer being condensed in our Statements of Unaudited Condensed Consolidated Financial Position, such as balances for *Right-of-use asset, operating lease and Operating lease liability, non-current*. As a result, certain prior period amounts have been reclassified to conform with the current year presentation. These unaudited condensed consolidated financial statements should be read in conjunction with the financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2019 and in our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2020 and June 30, 2020.

Proposed acquisition of substantially all of the operations of ArcelorMittal USA

On September 28, 2020, we entered into a Transaction Agreement with ArcelorMittal S.A., pursuant to which Cliffs will acquire substantially all of the operations of ArcelorMittal USA for an aggregate purchase price of approximately \$1.4 billion, consisting of (i) \$505 million in cash, (ii) 78,186,671 of our common shares, par value \$0.125 per share, and (iii) 583,273 shares of a new series of our Serial Preferred Stock, Class B, without par value, to be designated as the "Series B Participating Redeemable Preferred Stock" at closing. The cash portion of the purchase price is subject to customary working capital and purchase price adjustments.

We expect to complete the Transaction in the fourth quarter of 2020. Completion of the Transaction is subject to various customary closing conditions, including the receipt of required regulatory approvals in identified jurisdictions, including the expiration or termination of the waiting period under the Hart-Scott-Rodino Act, and it is possible that factors outside of our control could result in the Transaction being completed at a later time or not at all. The Transaction Agreement also contains certain termination rights that may be exercised by either us or ArcelorMittal S.A. We plan to complete the Transaction as soon as reasonably practicable following the satisfaction or waiver of all applicable conditions.

Acquisition of AK Steel

On March 13, 2020, we consummated the Merger, pursuant to which, upon the terms and subject to the conditions set forth in the Merger Agreement, Merger Sub was merged with and into AK Steel, with AK Steel surviving the Merger as a wholly owned subsidiary of Cliffs. Refer to NOTE 3 - ACQUISITION OF AK STEEL for further information.

AK Steel is a leading North American producer of flat-rolled carbon, stainless and electrical steel products, primarily for the automotive, infrastructure and manufacturing markets. The acquisition of AK Steel has transformed us into a vertically integrated producer of value-added iron ore and steel products.

COVID-19

In response to the COVID-19 pandemic, we made various operational changes to adjust to the demand for our products. Although steel and iron ore production have been considered "essential" by the states in which we operate, certain of our facilities and construction activities were temporarily idled during the second quarter of 2020. Most of these temporarily idled facilities were restarted during the second quarter, and the remaining operations were restarted during the third quarter.

Basis of Consolidation

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

Reportable Segments

The acquisition of AK Steel has transformed us into a vertically integrated producer of value-added iron ore and steel products and we are organized according to our differentiated products in two reportable segments - the Steel and Manufacturing segment and the Mining and Pelletizing segment. Our new Steel and Manufacturing segment includes the assets acquired through the acquisition of AK Steel and our previously reported Metallics segment, and our Mining and Pelletizing segment includes our three active operating mines and our indefinitely idled mine.

Investments in Affiliates

We have investments in several businesses accounted for using the equity method of accounting. We review an investment for impairment when circumstances indicate that a loss in value below its carrying amount is other than temporary. Investees and equity ownership percentages are presented below:

Investee	Segment Reported Within	Equity Ownership Percentage
Combined Metals of Chicago, LLC	Steel and Manufacturing	40.0%
Hibbing Taconite Company	Mining and Pelletizing	23.0%
Spartan Steel Coating, LLC	Steel and Manufacturing	48.0%

We recorded a basis difference for Spartan Steel of \$ 32.5 million as part of our acquisition of AK Steel. The basis difference relates to the excess of the fair value over the investee's carrying amount of property, plant and equipment and will be amortized over the remaining useful lives of the underlying assets.

Significant Accounting Policies

A detailed description of our significant accounting policies can be found in the audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC, which were updated and can be found in the unaudited condensed consolidated financial statements included in our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2020 and June 30, 2020 filed with the SEC. There have been no material changes in our significant accounting policies and estimates from those disclosed therein.

Recent Accounting Pronouncements

Issued and Adopted

On March 2, 2020, the SEC issued a final rule that amended the disclosure requirements related to certain registered securities under SEC Regulation S-X, Rule 3-10, which required separate financial statements for subsidiary issuers and guarantors of registered debt securities unless certain exceptions are met. The final rule replaces the previous requirement under Rule 3-10 to provide condensed consolidating financial information in the registrant's financial statements with a requirement to provide alternative financial disclosures (which include summarized financial information of the parent and any issuers and guarantors, as well as other qualitative disclosures) in either the registrant's *Management's Discussion and Analysis of Financial Condition and Results of Operations* or its financial statements, in addition to other simplifications. The final rule is effective for filings on or after January 4, 2021, and early adoption is permitted. We elected to early adopt this disclosure update for the period ended March 31, 2020. As a result, we have excluded the footnote disclosures required under the previous Rule 3-10, and applied the final rule by including the summarized financial information and qualitative disclosures in *Part I - Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations* of this Quarterly Report on Form 10-Q and [Exhibit 22.1](#), hereto.

Issued and Not Effective

In August 2020, the Financial Accounting Standards Board issued *Accounting Standards Update No. 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)*. This update requires certain convertible instruments to be accounted for as a single liability measured at its amortized cost. Additionally, the update requires the use of the "if-converted" method, removing the treasury stock method, when calculating diluted shares. The two methods of adoption are the full and modified retrospective approaches. We expect to utilize the modified retrospective approach. Using this approach, the guidance shall be applied to transactions outstanding as of the beginning of the fiscal year in which the amendment is adopted. The final rule is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. We are continuing to evaluate the impact of this update to our financials and would expect to adopt at the required adoption date of January 1, 2022.

NOTE 2 - SUPPLEMENTARY FINANCIAL STATEMENT INFORMATION

Revenues

The following table represents our consolidated *Revenues* (excluding intercompany revenues) by market:

	(In Millions)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Steel and Manufacturing:				
Automotive	\$ 920.0	\$ —	\$ 1,404.0	\$ —
Infrastructure and manufacturing	198.8	—	446.2	—
Distributors and converters	142.9	—	344.1	—
Total Steel and Manufacturing	1,261.7	—	2,194.3	—
Mining and Pelletizing:				
Steel producers ¹	384.3	555.6	903.5	1,455.8
Total revenues	\$ 1,646.0	\$ 555.6	\$ 3,097.8	\$ 1,455.8

¹ Includes *Realization of deferred revenue* of \$34.6 million for the nine months ended September 30, 2020.

The following table represents our consolidated *Revenues* (excluding intercompany revenues) by product line:

	(In Millions)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Steel and Manufacturing:				
Carbon steel	\$ 821.2	\$ —	\$ 1,391.6	\$ —
Stainless and electrical steel	303.2	—	585.1	—
Tubular products, components and other	137.3	—	217.6	—
Total Steel and Manufacturing	1,261.7	—	2,194.3	—
Mining and Pelletizing:				
Iron ore ¹	357.1	515.0	838.1	1,357.8
Freight	27.2	40.6	65.4	98.0
Total Mining and Pelletizing	384.3	555.6	903.5	1,455.8
Total revenues	\$ 1,646.0	\$ 555.6	\$ 3,097.8	\$ 1,455.8

¹ Includes *Realization of deferred revenue* of \$34.6 million for the nine months ended September 30, 2020.

We sell to customers located primarily in the United States and to foreign customers, primarily in Canada, Mexico and Western Europe. Net revenues to customers located outside the United States were \$265.0 million and \$487.7 million for the three and nine months ended September 30, 2020, respectively, and \$138.9 million and \$318.3 million for the three and nine months ended September 30, 2019, respectively.

Allowance for Credit Losses

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

	(In Millions)	
	2020	2019
Allowance for credit losses as of January 1	\$ —	\$ —
Increase in allowance	5.2	—
Allowance for credit losses as of September 30	\$ 5.2	\$ —

Inventories

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

	(In Millions)	
	September 30, 2020	December 31, 2019
Product inventories		
Finished and semi-finished goods	\$ 940.5	\$ 114.1
Work-in-process	78.2	68.7
Raw materials	382.3	9.4
Total product inventories	1,401.0	192.2
Manufacturing supplies and critical spares	394.1	125.2
Inventories	\$ 1,795.1	\$ 317.4

Deferred Revenue

The table below summarizes our deferred revenue balances:

	(In Millions)			
	Deferred Revenue (Current)		Deferred Revenue (Long-Term)	
	2020	2019	2020	2019
Opening balance as of January 1	\$ 22.1	\$ 21.0	\$ 25.7	\$ 38.5
Net decrease	(19.8)	(2.7)	(25.7)	(8.5)
Closing balance as of September 30	\$ 2.3	\$ 18.3	\$ —	\$ 30.0

Prior to the Merger, our iron ore pellet sales agreement with Severstal, subsequently assumed by AK Steel, required supplemental payments to be paid by the customer during the period 2009 through 2013. Installment amounts received under this arrangement in excess of sales were classified as deferred revenue in the Statements of Consolidated Financial Position upon receipt of payment and the revenue was recognized over the term of the supply agreement, which had extended until 2022, in equal annual installments. As a result of the termination of that iron ore pellet sales agreement, we realized \$34.6 million of deferred revenue, which was recognized within *Realization of deferred revenue* in the Statements of Unaudited Condensed Consolidated Operations, during the nine months ended September 30, 2020.

We have certain other sales agreements that require customers to pay in advance. Payments received pursuant to these agreements prior to revenue being recognized are recorded as deferred revenue in *Other current liabilities*.

Accrued Liabilities

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

	(In Millions)	
	September 30, 2020	December 31, 2019
Accrued employment costs	\$ 146.6	\$ 61.7
Accrued interest	81.8	29.0
Accrued dividends	1.0	17.8
Other	50.0	17.8
Accrued liabilities	<u>\$ 279.4</u>	<u>\$ 126.3</u>

Cash Flow Information

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

	(In Millions)	
	Nine Months Ended September 30,	
	2020	2019
Capital additions	\$ 333.0	\$ 505.6
Less:		
Non-cash accruals	(88.4)	26.1
Right-of-use assets - finance leases	42.5	29.3
Grants	—	(10.5)
Cash paid for capital expenditures including deposits	<u>\$ 378.9</u>	<u>\$ 460.7</u>

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

	(In Millions)	
	Nine Months Ended September 30,	
	2020	2019
Taxes paid on income	\$ 3.2	\$ 0.1
Income tax refunds	(119.3)	(117.9)
Interest paid on debt obligations net of capitalized interest ¹	106.0	71.9

¹ Capitalized interest was \$38.0 million and \$16.9 million for the nine months ended September 30, 2020 and 2019, respectively.

Non-Cash Investing and Financing Activities

	(In Millions)	
	Nine Months Ended September 30,	
	2020	2019
Fair value of common shares issued for consideration for business combination	\$ 617.6	\$ —
Fair value of equity awards assumed from AK Steel acquisition	3.9	—

NOTE 3 - ACQUISITION OF AK STEEL

Overview

On March 13, 2020, pursuant to the Merger Agreement, we completed the acquisition of AK Steel, in which we were the acquirer. As a result of the Merger, each share of AK Steel common stock issued and outstanding

immediately prior to the effective time of the Merger (other than excluded shares) was converted into the right to receive 0.400 Cliffs common shares and, if applicable, cash in lieu of any fractional Cliffs common shares.

The acquisition combined 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 combination is expected to create significant opportunities to generate additional value from market trends across the entire steel value chain and enable more consistent, predictable performance through normal market cycles. Together, Cliffs and AK Steel 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. We expect the combination will generate additional cost synergies, which we have identified and already set into motion savings of approximately \$150 million, primarily from consolidating corporate functions, reducing duplicative overhead costs, and procurement and energy cost savings, as well as operational and supply chain efficiencies. The combined company is well positioned to provide high-value iron ore and steel solutions to customers primarily across North America.

Total net revenues for AK Steel for the most recent pre-acquisition year ended December 31, 2019 were \$ 6,359.4 million. Following the acquisition, the operating results of AK Steel are included in our unaudited condensed consolidated financial statements and are reported as part of our Steel and Manufacturing segment. For the three months ended September 30, 2020, AK Steel generated *Revenues* of \$1,261.7 million and a loss of \$30.4 million included within *Net income (loss) attributable to Cliffs shareholders*, which included \$14.6 million and \$2.4 million related to amortization of the fair value inventory step-up and severance costs, respectively. For the period subsequent to the acquisition (March 13, 2020 through September 30, 2020), AK Steel generated *Revenues* of \$2,194.3 million and a loss of \$292.0 million included within *Net income (loss) attributable to Cliffs shareholders*, which included \$74.0 million and \$35.1 million related to amortization of the fair value inventory step-up and severance costs, respectively.

Additionally, we incurred acquisition-related costs in connection with the acquisition of AK Steel, excluding severance costs, of \$ 0.6 million and \$25.6 million for the three and nine months ended September 30, 2020, respectively, which were recorded in *Acquisition-related costs* on the Statements of Unaudited Condensed Consolidated Operations.

Refer to NOTE 7 - DEBT AND CREDIT FACILITIES for information regarding debt transactions executed in connection with the Merger.

The Merger was accounted for under the acquisition method of accounting for business combinations. The acquisition date fair value of the consideration transferred totaled \$1.5 billion. The following tables summarize the consideration paid for AK Steel and the estimated fair values of the assets acquired and liabilities assumed at the acquisition date.

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

	(In Millions)
Fair value of Cliffs common shares issued for AK Steel outstanding common stock	\$ 617.6
Fair value of replacement equity awards	3.9
Fair value of AK Steel debt	913.6
Total purchase consideration	<u>\$ 1,535.1</u>

The fair value of Cliffs common shares issued for outstanding shares of AK Steel common stock and with respect to Cliffs common shares underlying converted AK Steel equity awards that vested upon completion of the Merger is calculated as follows:

	(In Millions, Except Per Share Amounts)
Number of shares of AK Steel common stock issued and outstanding	316.9
Exchange ratio	0.400
Number of Cliffs common shares issued to AK Steel stockholders	126.8
Price per share of Cliffs common shares	\$ 4.87
Fair value of Cliffs common shares issued for AK Steel outstanding common stock	\$ 617.6

The fair value of AK Steel's debt included in the consideration is calculated as follows:

	(In Millions)
Credit Facility	\$ 590.0
7.50% Senior Secured Notes due July 2023	323.6
Fair value of debt included in consideration	\$ 913.6

Valuation Assumption and Preliminary Purchase Price Allocation

We estimated fair values at March 13, 2020 for the preliminary allocation of consideration to the net tangible and intangible assets acquired and liabilities assumed. During the measurement period, we will continue to obtain information to assist in finalizing the fair value of assets acquired and liabilities assumed, which may differ materially from these preliminary estimates. If we determine any measurement period adjustments are material, we will apply those adjustments, including any related impacts to net income, in the reporting period in which the adjustments are determined. We are in the process of conducting a valuation of the assets acquired and liabilities assumed related to the acquisition, most notably, inventories, including manufacturing supplies and critical spares, personal and real property, leases, investments, deferred taxes, asset retirement obligations, pension and OPEB liabilities and intangible assets and liabilities, and the final allocation will be made when completed, including the result of any identified goodwill. Accordingly, the provisional measurements noted below are preliminary and subject to modification in the future.

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

	(In Millions)		
	Initial Allocation of Consideration	Measurement Period Adjustments	Updated Preliminary Allocation
Cash and cash equivalents	\$ 37.7	\$ 2.0	\$ 39.7
Accounts receivable	666.0	(3.1)	662.9
Inventories	1,562.8	(39.8)	1,523.0
Other current assets	67.5	(15.4)	52.1
Property, plant and equipment	2,184.4	(20.1)	2,164.3
Intangible assets	163.0	(15.0)	148.0
Right of use asset, operating leases	225.9	(16.3)	209.6
Other non-current assets	85.9	26.2	112.1
Accounts payable	(636.3)	(6.1)	(642.4)
Accrued liabilities	(222.5)	0.1	(222.4)
Other current liabilities	(181.8)	6.6	(175.2)
Long-term debt	(1,179.4)	—	(1,179.4)
Deferred income taxes	(19.7)	(0.2)	(19.9)
Operating lease liability, non-current	(188.1)	12.7	(175.4)
Intangible liabilities	(140.0)	69.5	(70.5)
Pension and OPEB liabilities	(873.0)	2.1	(870.9)
Asset retirement obligations	(13.9)	(2.0)	(15.9)
Other non-current liabilities	(144.2)	(2.3)	(146.5)
Net identifiable assets acquired	1,394.3	(1.1)	1,393.2
Goodwill	141.2	0.7	141.9
Total net assets acquired	\$ 1,535.5	\$ (0.4)	\$ 1,535.1

During the second and third quarter of 2020, we made certain measurement period adjustments to the acquired assets and liabilities assumed due to clarification of information utilized to determine fair value during the measurement period. The *Inventories* measurement period adjustments of \$39.8 million resulted in a favorable impact of \$0.2 million and \$8.0 million, respectively, to *Cost of goods sold* for the three and nine months ended September 30, 2020.

The goodwill resulting from the acquisition of AK Steel was assigned to Precision Partners, our downstream tooling and stamping operations, and AK Tube, our tubing operations, that are reporting units included in the Steel and Manufacturing segment. Goodwill is calculated as the excess of the purchase price over the net identifiable assets recognized and primarily represents the growth opportunities in lightweighting solutions to automotive customers, as well as any synergistic benefits to be realized from the acquisition of AK Steel. None of the goodwill is expected to be deductible for income tax purposes.

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

	(In Millions)	Weighted Average Life (In Years)
Intangible assets:		
Customer relationships	\$ 77.0	18
Developed technology	60.0	17
Trade names and trademarks	11.0	10
Total identifiable intangible assets	\$ 148.0	17
Intangible liabilities:		
Above-market supply contracts	\$ (70.5)	12

The above-market supply contracts relate to the long-term coke and energy supply agreements with SunCoke Energy, which includes SunCoke Middletown, a consolidated VIE. Refer to NOTE 16 - VARIABLE INTEREST ENTITIES for further information.

Pro Forma Results

The following table provides unaudited pro forma financial information, prepared in accordance with Topic 805, for the three and nine months ended September 30, 2020 and 2019, as if AK Steel had been acquired as of January 1, 2019:

	(In Millions)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenues	\$ 1,646.0	\$ 1,937.6	\$ 4,265.1	\$ 5,958.7
Net income (loss) attributable to Cliffs shareholders	(6.0)	84.2	(123.9)	213.3

The unaudited pro forma financial information has been calculated after applying our accounting policies and adjusting the historical results with pro forma adjustments, net of tax, that assume the acquisition occurred on January 1, 2019. Significant pro forma adjustments include the following:

1. The elimination of intercompany revenues between Cliffs and AK Steel of \$ 135.6 million and \$394.8 million for the three and nine months ended September 30, 2020, respectively, and \$153.5 million and \$410.8 million for the three and nine months ended September 30, 2019, respectively.
2. The 2020 pro forma net loss was adjusted to exclude \$ 14.6 million and \$74.0 million of non-recurring inventory acquisition accounting adjustments incurred during the three and nine months ended September 30, 2020, respectively. The 2019 pro forma net income was adjusted to include \$74.0 million of non-recurring inventory acquisition accounting adjustments for the nine months ended September 30, 2019.
3. The elimination of nonrecurring transaction costs incurred by Cliffs and AK Steel in connection with the Merger of \$ 0.7 million and \$29.1 million for the three and nine months ended September 30, 2020, respectively.
4. Total other pro forma adjustments included expense of \$ 10.0 million for the three and nine months ended September 30, 2020, primarily due to increased interest expense, offset by reduced amortization expense, depreciation expense and pension and OPEB expense. Total other pro forma adjustments for the three and nine months ended September 30, 2019 included expense of \$1.1 million and \$7.0 million, respectively, primarily due to reduced interest and amortization expense, offset by additional depreciation expense and pension and OPEB expense.
5. The income tax impact of pro forma transaction adjustments that affect *Net income (loss) attributable to Cliffs shareholders* at a statutory rate of 24.3% resulted in an income tax benefit of \$5.6 million and \$2.1 million for the three and nine months ended September 30, 2020, respectively, and an income tax benefit of \$2.1 million and \$4.5 million for the three and nine months ended September 30, 2019, respectively.

The unaudited pro forma financial information does not reflect the potential realization of synergies or cost savings, nor does it reflect other costs relating to the integration of the two companies. This unaudited pro forma financial information should not be considered indicative of the results that would have actually occurred if the acquisition had been consummated on January 1, 2019, nor are they indicative of future results.

NOTE 4 - SEGMENT REPORTING

Our Company is a vertically integrated producer of value-added iron ore and steel products. Our operations are organized and managed in two operating segments according to our upstream and downstream operations. Our Steel and Manufacturing segment is a leading producer of flat-rolled carbon, stainless and electrical steel products, primarily for the automotive, infrastructure and manufacturing, and distributors and converters markets. Our Steel and Manufacturing segment includes subsidiaries that provide customer solutions with carbon and stainless steel tubing products, advanced-engineered solutions, tool design and build, hot- and cold-stamped steel components, and complex assemblies. Construction of our HBI production plant in Toledo, Ohio, included as part of our Steel and Manufacturing segment, is expected to be completed with production beginning in the fourth quarter of 2020. Our Mining and Pelletizing segment is a major supplier of iron ore pellets to the North American steel industry from our mines and pellet plants located in Michigan and Minnesota. All intercompany transactions were eliminated in consolidation.

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

Our results by segment are as follows:

	(In Millions, Except Sales Tons)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Sales volume (in thousands):				
Steel and Manufacturing (net tons)	1,117	—	1,935	—
Mining and Pelletizing sales (long tons)	4,907	5,750	11,800	13,527
Less: Intercompany sales (long tons)	(1,204)	(346)	(3,028)	(384)
Mining and Pelletizing consolidated sales (long tons)	3,703	5,404	8,772	13,143
Revenues:				
Steel and Manufacturing net sales to external customers	\$ 1,261.7	\$ —	\$ 2,194.3	\$ —
Mining and Pelletizing net sales ¹	520.3	590.6	1,238.7	1,494.8
Less: Intercompany sales	(136.0)	(35.0)	(335.2)	(39.0)
Mining and Pelletizing net sales to external customers	384.3	555.6	903.5	1,455.8
Total revenues	<u>\$ 1,646.0</u>	<u>\$ 555.6</u>	<u>\$ 3,097.8</u>	<u>\$ 1,455.8</u>
Adjusted EBITDA:				
Steel and Manufacturing	\$ 33.3	\$ (2.1)	\$ (81.8)	\$ (4.0)
Mining and Pelletizing	145.3	182.7	309.5	510.7
Corporate and eliminations	(52.3)	(36.5)	(160.7)	(93.0)
Total Adjusted EBITDA	<u>\$ 126.3</u>	<u>\$ 144.1</u>	<u>\$ 67.0</u>	<u>\$ 413.7</u>

¹ Includes *Realization of deferred revenue* of \$34.6 million for the nine months ended September 30, 2020.

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

	(In Millions)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income (loss)	\$ 1.9	\$ 90.9	\$ (154.8)	\$ 229.6
Less:				
Interest expense, net	(68.2)	(25.4)	(167.9)	(76.8)
Income tax benefit (expense)	22.4	(4.8)	98.5	(23.1)
Depreciation, depletion and amortization	(72.4)	(22.2)	(183.9)	(63.1)
Total EBITDA	<u>\$ 120.1</u>	<u>\$ 143.3</u>	<u>\$ 98.5</u>	<u>\$ 392.6</u>
Less:				
EBITDA of noncontrolling interests ¹	\$ 16.2	\$ —	\$ 41.3	\$ —
Gain (loss) on extinguishment of debt	—	—	132.6	(18.2)
Severance costs	(2.4)	—	(38.3)	(1.7)
Acquisition-related costs excluding severance costs	(5.1)	—	(30.1)	—
Amortization of inventory step-up	(14.6)	—	(74.0)	—
Impact of discontinued operations	(0.3)	(0.8)	—	(1.2)
Total Adjusted EBITDA	<u>\$ 126.3</u>	<u>\$ 144.1</u>	<u>\$ 67.0</u>	<u>\$ 413.7</u>

¹ EBITDA of noncontrolling interests includes \$11.9 million and \$31.2 million for income and \$4.3 million and \$10.1 million for depreciation, depletion and amortization for the three and nine months ended September 30, 2020, respectively.

The following summarizes our assets by segment:

	(In Millions)	
	September 30, 2020	December 31, 2019
Assets:		
Steel and Manufacturing	\$ 6,345.7	\$ 913.6
Mining and Pelletizing	1,643.3	1,643.1
Total segment assets	7,989.0	2,556.7
Corporate and Other (including discontinued operations)	491.9	947.1
Total assets	<u>\$ 8,480.9</u>	<u>\$ 3,503.8</u>

The following table summarizes our capital additions by segment:

	(In Millions)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Capital additions ¹ :				
Steel and Manufacturing	\$ 88.0	\$ 160.5	\$ 266.8	\$ 398.0
Mining and Pelletizing	13.3	22.1	64.9	104.5
Corporate and Other	1.0	2.1	1.3	3.1
Total capital additions	<u>\$ 102.3</u>	<u>\$ 184.7</u>	<u>\$ 333.0</u>	<u>\$ 505.6</u>

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

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

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

	(In Millions)	
	September 30, 2020	December 31, 2019
Land, land improvements and mineral rights	\$ 653.2	\$ 582.2
Buildings	454.4	157.8
Steel and Manufacturing equipment	2,128.0	42.0
Mining and Pelletizing equipment	1,455.2	1,413.6
Other	121.3	101.5
Construction-in-progress	1,145.9	730.3
Total property, plant and equipment ¹	5,958.0	3,027.4
Allowance for depreciation and depletion	(1,407.3)	(1,098.4)
Property, plant and equipment, net	\$ 4,550.7	\$ 1,929.0

¹Includes right-of-use assets related to finance leases of \$97.1 million and \$49.0 million as of September 30, 2020 and December 31, 2019, respectively.

We recorded capitalized interest into property, plant and equipment of \$ 14.7 million and \$38.0 million during the three and nine months ended September 30, 2020, respectively, and \$7.0 million and \$ 16.9 million for the three and nine months ended September 30, 2019, respectively.

We recorded depreciation and depletion expense of \$ 71.8 million and \$ 182.5 million for the three and nine months ended September 30, 2020, respectively, and \$22.0 million and \$62.5 million for the three and nine months ended September 30, 2019, respectively.

NOTE 6 - GOODWILL AND INTANGIBLE ASSETS AND LIABILITIES**Goodwill**

The increase in the balance of *Goodwill* as of September 30, 2020, compared to December 31, 2019, is due to the preliminary assignment of \$ 141.9 million to *Goodwill* in 2020 based on the preliminary purchase price allocation for the acquisition of AK Steel. The carrying amount of goodwill related to our Mining and Pelletizing segment was \$2.1 million as of both September 30, 2020 and December 31, 2019.

Intangible Assets and Liabilities

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

	Classification ¹	(In Millions)		
		Gross Amount	Accumulated Amortization	Net Amount
As of September 30, 2020				
Intangible assets:				
Customer relationships	<i>Intangible assets, net</i>	\$ 77.0	\$ (2.6)	\$ 74.4
Developed technology	<i>Intangible assets, net</i>	60.0	(2.1)	57.9
Trade names and trademarks	<i>Intangible assets, net</i>	11.0	(0.7)	10.3
Mining permits	<i>Intangible assets, net</i>	72.2	(24.7)	47.5
Total intangible assets		<u>\$ 220.2</u>	<u>\$ (30.1)</u>	<u>\$ 190.1</u>
Intangible liabilities:				
Above-market supply contracts	<i>Intangible liabilities, net</i>	\$ (70.5)	\$ 4.6	\$ (65.9)

As of December 31, 2019

Intangible assets:

Mining permits	<i>Intangible assets, net</i>	\$ 72.2	\$ (24.1)	\$ 48.1
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¹ Amortization of intangible liabilities related to above-market supply contracts and intangible assets related to mining permits is recognized in *Cost of goods sold*. Amortization of all other intangible assets is recognized in *Selling, general and administrative expenses*.

Amortization expense related to intangible assets was \$ 2.5 million and \$6.0 million for the three and nine months ended September 30, 2020, respectively, and \$0.2 million and \$0.6 million for the three and nine months ended September 30, 2019, respectively.

Estimated future amortization expense related to intangible assets at September 30, 2020 is as follows:

	(In Millions)
Years ending December 31,	
2020 (remaining period of the year)	\$ 2.5
2021	10.0
2022	10.0
2023	10.0
2024	10.0
2025	10.0

Income from amortization related to the intangible liabilities was \$ 1.9 million and \$4.6 million for the three and nine months ended September 30, 2020, respectively.

Estimated future amortization income related to the intangible liabilities at September 30, 2020 is as follows:

	(In Millions)
Years ending December 31,	
2020 (remaining period of the year)	\$ 2.0
2021	7.8
2022	7.8
2023	7.8
2024	7.8
2025	7.8

NOTE 7 - DEBT AND CREDIT FACILITIES

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

(In Millions)						
September 30, 2020						
Debt Instrument	Issuer ¹	Annual Effective Interest Rate	Total Principal Amount	Debt Issuance Costs	Unamortized Premiums (Discounts)	Total Debt
Senior Secured Notes:						
4.875% 2024 Senior Secured Notes	Cliffs	5.00%	\$ 394.5	\$ (3.7)	\$ (1.5)	\$ 389.3
9.875% 2025 Senior Secured Notes	Cliffs	10.57%	955.2	(8.1)	(25.8)	921.3
6.75% 2026 Senior Secured Notes	Cliffs	6.99%	845.0	(21.4)	(9.0)	814.6
Senior Unsecured Notes:						
7.625% 2021 AK Senior Notes	AK Steel	7.33%	33.5	—	0.1	33.6
7.50% 2023 AK Senior Notes	AK Steel	6.17%	12.8	—	0.5	13.3
6.375% 2025 Senior Notes	Cliffs	8.11%	64.3	(0.2)	(4.6)	59.5
6.375% 2025 AK Senior Notes	AK Steel	8.11%	38.4	—	(2.7)	35.7
1.50% 2025 Convertible Senior Notes	Cliffs	6.26%	296.3	(3.7)	(53.0)	239.6
5.75% 2025 Senior Notes	Cliffs	6.01%	396.2	(2.6)	(4.1)	389.5
7.00% 2027 Senior Notes	Cliffs	9.24%	88.0	(0.3)	(9.6)	78.1
7.00% 2027 AK Senior Notes	AK Steel	9.24%	56.3	—	(6.0)	50.3
5.875% 2027 Senior Notes	Cliffs	6.49%	555.5	(4.3)	(18.6)	532.6
6.25% 2040 Senior Notes	Cliffs	6.34%	262.7	(1.8)	(2.8)	258.1
IRBs due 2024 to 2028	AK Steel	Various	92.0	—	2.3	94.3
ABL Facility	Cliffs ²	2.77%	2,000.0	—	—	400.0
Total long-term debt						<u>\$ 4,309.8</u>

¹ Unless otherwise noted, references in this column to "Cliffs" are to Cleveland-Cliffs Inc., and references to "AK Steel" are to AK Steel Corporation.

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

(In Millions)						
December 31, 2019						
Debt Instrument	Issuer ¹	Annual Effective Interest Rate	Total Principal Amount	Debt Issuance Costs	Unamortized Discounts	Total Debt
Senior Secured Notes:						
4.875% 2024 Senior Notes	Cliffs	5.00%	\$ 400.0	\$ (4.6)	\$ (1.8)	\$ 393.6
Senior Unsecured Notes:						
1.50% 2025 Convertible Senior Notes	Cliffs	6.26%	316.3	(4.6)	(65.0)	246.7
5.75% 2025 Senior Notes	Cliffs	6.01%	473.3	(3.6)	(5.5)	464.2
5.875% 2027 Senior Notes	Cliffs	6.49%	750.0	(6.3)	(27.3)	716.4
6.25% 2040 Senior Notes	Cliffs	6.34%	298.4	(2.2)	(3.3)	292.9
Former ABL Facility	Cliffs ²	N/A	450.0	N/A	N/A	—
Total long-term debt						<u>\$ 2,113.8</u>

¹ Unless otherwise noted, references in this column to "Cliffs" are to Cleveland-Cliffs Inc.

² Refers to Cleveland-Cliffs Inc. and certain of its subsidiaries as borrowers under our Former ABL Facility.

Debt Extinguishments - 2020

On April 24, 2020, we used the net proceeds from the offering of the additional 9.875% 2025 Senior Secured Notes to repurchase \$ 736.4 million aggregate principal amount of our outstanding senior notes of various series, which resulted in debt reduction of \$181.2 million. During the second quarter of 2020, we also repurchased an additional \$11.2 million aggregate principal amount of our outstanding senior notes of various series with cash on hand. On June 1, 2020, we redeemed \$7.3 million aggregate principal amount of our outstanding 2020 IRBs.

On March 13, 2020, in connection with the Merger, we purchased \$ 364.2 million aggregate principal amount of 7.625% 2021 AK Senior Notes and \$ 310.7 million aggregate principal amount of 7.50% 2023 AK Senior Notes upon early settlement of tender offers made by Cliffs. The net proceeds from the offering of 6.75% 2026 Senior Secured Notes, along with a portion of the ABL Facility borrowings, were used to fund such purchases. As the 7.625% 2021 AK Senior Notes and 7.50% 2023 AK Senior Notes were recorded at fair value just prior to being purchased, there was no gain or loss on extinguishment. Additionally, in connection with the final settlement of the tender offers, on March 27, 2020, we purchased \$8.5 million aggregate principal amount of the 7.625% 2021 AK Senior Notes and \$56.5 million aggregate principal amount of the 7.50% 2023 AK Senior Notes with cash on hand.

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

Debt Instrument	(In Millions)	
	Nine Months Ended September 30, 2020	
	Debt Extinguished	Gain on Extinguishment
7.625% 2021 AK Senior Notes	\$ 372.7	\$ 0.4
7.50% 2023 AK Senior Notes	367.2	2.8
4.875% 2024 Senior Secured Notes	5.5	0.5
6.375% 2025 Senior Notes	167.5	21.3
1.50% 2025 Convertible Senior Notes	20.0	1.3
5.75% 2025 Senior Notes	77.1	16.3
7.00% 2027 Senior Notes	247.3	28.4
5.875% 2027 Senior Notes	194.5	48.7
6.25% 2040 Senior Notes	35.7	12.9
	<u>\$ 1,487.5</u>	<u>\$ 132.6</u>

Debt Extinguishments - 2019

The following is a summary of the debt extinguished with cash and the respective loss on extinguishment:

Debt Instrument	(In Millions)	
	Nine Months Ended September 30, 2019	
	Debt Extinguished	(Loss) on Extinguishment
4.875% 2021 Senior Notes	\$ 124.0	\$ (5.3)
5.75% 2025 Senior Notes	600.0	(12.9)
	<u>\$ 724.0</u>	<u>\$ (18.2)</u>

ABL Facility

As of September 30, 2020, we were in compliance with the ABL Facility liquidity requirements and, therefore, the springing financial covenant requiring a minimum fixed charge coverage ratio of 1.0 to 1.0 was not applicable.

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

	(In Millions)
	September 30, 2020
Available borrowing base on ABL Facility ¹	\$ 1,715.2
Borrowings	(400.0)
Letter of credit obligations ²	(192.2)
Borrowing capacity available	\$ 1,123.0

¹ As of September 30, 2020, the ABL Facility has a maximum borrowing base of \$2.0 billion. The available borrowing base is determined by applying customary advance rates to eligible accounts receivable, inventory and certain mobile equipment.

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

Debt Maturities

The following represents a summary of our maturities of debt instruments based on the principal amounts outstanding at September 30, 2020:

	(In Millions)
	Maturities of Debt
2020 (remaining period of year)	\$ —
2021	33.5
2022	—
2023	12.8
2024	456.5
Thereafter	3,987.9
Total maturities of debt	\$ 4,490.7

NOTE 8 - FAIR VALUE MEASUREMENTS

The following represents the assets and liabilities measured at fair value:

(In Millions)				
September 30, 2020				
	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Other current assets:				
Commodity contracts	\$ —	\$ 15.8	\$ —	\$ 15.8
Customer supply agreement	—	—	34.5	34.5
Provisional pricing arrangement	—	—	26.9	26.9
Other non-current assets:				
Commodity contracts	—	1.8	—	1.8
Total	\$ —	\$ 17.6	\$ 61.4	\$ 79.0
Liabilities:				
Other current liabilities:				
Commodity contracts	\$ —	\$ (8.7)	\$ —	\$ (8.7)
Provisional pricing arrangement	—	—	(0.3)	(0.3)
Foreign exchange contracts	—	(0.6)	—	(0.6)
Other non-current liabilities:				
Foreign exchange contracts	—	(0.1)	—	(0.1)
Total	\$ —	\$ (9.4)	\$ (0.3)	\$ (9.7)

(In Millions)				
December 31, 2019				
	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Cash equivalents - Commercial paper	\$ —	\$ 187.6	\$ —	\$ 187.6
Other current assets:				
Customer supply agreement	—	—	44.5	44.5
Provisional pricing arrangement	—	—	1.3	1.3
Total	\$ —	\$ 187.6	\$ 45.8	\$ 233.4
Liabilities:				
Other current liabilities:				
Commodity contracts	\$ —	\$ (3.2)	\$ —	\$ (3.2)
Provisional pricing arrangement	—	—	(1.1)	(1.1)
Total	\$ —	\$ (3.2)	\$ (1.1)	\$ (4.3)

The valuation of financial assets and liabilities classified in Level 2 is determined using a market approach based upon quoted prices for similar assets and liabilities in active markets, or other inputs that are observable. Level 2 assets include commercial paper and commodity hedge contracts. Our commodity hedge contracts primarily include those related to natural gas, electricity and zinc, and our foreign exchange contracts include Canadian dollars.

The Level 3 assets consist of a freestanding derivative instrument related to a certain supply agreement and derivative assets related to certain provisional pricing arrangements with our customers. The Level 3 liabilities consist of derivative liabilities related to certain provisional pricing arrangements with our customers.

The supply agreement included in our Level 3 assets contains provisions for supplemental revenue or refunds based on the hot-rolled coil steel price in the year the iron ore product is consumed in the customer's blast furnaces. We account for these provisions as a derivative instrument at the time of sale and adjust the derivative instrument to fair value through *Revenues* each reporting period until the product is consumed and the amounts are settled.

The provisional pricing arrangements included in our Level 3 assets/liabilities specify provisional price calculations, where the pricing mechanisms generally are based on market pricing, with the final revenue rate to be based on market inputs at a specified point in time in the future, per the terms of the supply agreements. The difference between the estimated final revenue rate at the date of sale and the estimated final revenue rate at the measurement date is characterized as a derivative and is required to be accounted for separately once control has transferred upon delivery. The derivative instruments are adjusted to fair value through *Revenues* each reporting period based upon current market data and forward-looking estimates provided by management until the final revenue rates are determined.

The following table illustrates information about quantitative inputs and assumptions for the derivative assets and derivative liabilities categorized in Level 3 of the fair value hierarchy:

Qualitative/Quantitative Information About Level 3 Fair Value Measurements

	Fair Value at September 30, 2020 (In Millions)	Balance Sheet Location	Valuation Technique	Unobservable Input	Range or Point Estimate (Weighted Average)
Customer supply agreement	\$ 34.5	<i>Other current assets</i>	Market Approach	Management's estimate of hot-rolled coil steel price per net ton	\$542 - \$634 \$(548)
Provisional pricing arrangements	\$ 26.9	<i>Other current assets</i>	Market Approach	Management's estimate of Platts 62% Price per dry metric ton Atlantic Basin Pellet Premium	\$104 - \$123 (\$105) \$30
Provisional pricing arrangements	\$ (0.3)	<i>Other current liabilities</i>	Market Approach	Management's estimate of Platts 62% Price per dry metric ton PPI Estimates	\$104 110

The following tables represent a reconciliation of the changes in fair value of financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	(In Millions)			
	Level 3 Assets			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Beginning balance	\$ 35.3	\$ 118.1	\$ 45.8	\$ 91.4
Total gains (losses) included in earnings	29.5	(6.5)	43.3	83.1
Settlements	(3.4)	(38.8)	(27.7)	(101.7)
Ending balance	\$ 61.4	\$ 72.8	\$ 61.4	\$ 72.8
Total gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) on assets still held at the reporting date	\$ 27.8	\$ (6.5)	\$ 40.4	\$ 81.8

	(In Millions)			
	Level 3 Liabilities			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Beginning balance	\$ —	\$ —	\$ (1.1)	\$ —
Total losses included in earnings	(0.3)	(34.4)	(0.9)	(39.7)
Settlements	—	4.2	1.7	9.5
Ending balance	\$ (0.3)	\$ (30.2)	\$ (0.3)	\$ (30.2)
Total losses for the period included in earnings attributable to the change in unrealized losses on liabilities still held at the reporting date	\$ (0.3)	\$ (30.2)	\$ (0.3)	\$ (30.2)

The carrying values of certain financial instruments (e.g., *Accounts receivable, net*, *Accounts payable* and *Other current liabilities*) approximate fair value and, therefore, have been excluded from the table below. A summary of the carrying value and fair value of other financial instruments were as follows:

	Classification	(In Millions)			
		September 30, 2020		December 31, 2019	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt:					
Senior Notes	Level 1	\$ 3,815.5	\$ 3,975.2	\$ 2,113.8	\$ 2,237.0
IRBs due 2024 to 2028	Level 1	94.3	90.2	—	—
ABL Facility - outstanding balance	Level 2	400.0	400.0	—	—
Total long-term debt		\$ 4,309.8	\$ 4,465.4	\$ 2,113.8	\$ 2,237.0

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

NOTE 9 - PENSIONS AND OTHER POSTRETIREMENT BENEFITS

We offer defined benefit pension plans, defined contribution pension plans and OPEB plans, primarily consisting of retiree healthcare benefits, to most employees as part of a total compensation and benefits program. The defined benefit pension plans are noncontributory and benefits generally are based on a minimum formula or employees' years of service and average earnings for a defined period prior to retirement.

As a result of the acquisition of AK Steel, we assumed the obligations under AK Steel's defined benefit pension plans and OPEB plans. Noncontributory pension and various healthcare and life insurance benefits are provided to a significant portion of our employees and retirees. AK Steel also contributes to multiemployer pension plans according to collective bargaining agreements that cover certain union-represented employees and defined contribution pension plans. The AK Steel pension and OPEB plans were remeasured as of March 13, 2020.

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

Defined Benefit Pension Costs (Credits)

	(In Millions)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Service cost	\$ 5.4	\$ 4.6	\$ 16.0	\$ 12.9
Interest cost	19.6	8.9	42.7	26.2
Expected return on plan assets	(36.7)	(13.7)	(91.9)	(41.0)
Amortization:				
Prior service costs	0.2	0.3	0.7	0.9
Net actuarial loss	7.3	5.9	20.6	17.7
Net periodic benefit cost (credit)	<u>\$ (4.2)</u>	<u>\$ 6.0</u>	<u>\$ (11.9)</u>	<u>\$ 16.7</u>

OPEB Costs (Credits)

	(In Millions)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Service cost	\$ 1.4	\$ 0.5	\$ 3.3	\$ 1.3
Interest cost	4.4	2.3	10.9	7.0
Expected return on plan assets	(4.5)	(4.2)	(13.6)	(12.6)
Amortization:				
Prior service credits	(0.5)	(0.5)	(1.5)	(1.5)
Net actuarial loss	0.8	1.3	2.2	3.8
Net periodic benefit cost (credit)	<u>\$ 1.6</u>	<u>\$ (0.6)</u>	<u>\$ 1.3</u>	<u>\$ (2.0)</u>

As a result of the CARES Act enacted on March 27, 2020, we have deferred pension contributions starting in the second quarter of 2020. Based on prior funding requirements, we made defined benefit pension contributions of \$0.9 million and \$4.9 million for the three and nine months ended September 30, 2020, respectively, compared to defined benefit pension contributions of \$5.6 million and \$12.3 million for the three and nine months ended September 30, 2019, respectively. OPEB contributions for our voluntary employee benefit association trust plans are typically made on an annual basis in the first quarter of each year, but due to plan funding requirements being met, no OPEB contributions for our voluntary employee benefit association trust plans were required or made for the three and nine months ended September 30, 2020 and 2019.

NOTE 10 - INCOME TAXES

Our 2020 estimated annual effective tax rate before discrete items as of September 30, 2020 is 35.5%. The estimated annual effective tax rate differs from the U.S. statutory rate of 21.0% primarily due to the deduction for percentage depletion in excess of cost depletion related to our Mining and Pelletizing segment operations, as well as non-deductible transaction costs, executive officers' compensation, global intangible low-taxed income and income of noncontrolling interests for which no tax is recognized. The 2019 estimated annual effective tax rate before discrete items as of September 30, 2019 was 9.6%. The increase in the estimated annual effective tax rate before discrete items is driven by the change in the mix of income, as well as transaction costs and other acquisition-related charges that were incurred only in 2020.

For the three and nine months ended September 30, 2020, we recorded discrete items that resulted in an income tax benefit of \$ 5.0 million and \$8.6 million, respectively. The discrete adjustments are primarily related to the release of uncertain tax positions due to favorable resolution of an international audit issue. The discrete adjustments also include interest on uncertain tax positions and the refunds received during the year of amounts sequestered by the Internal Revenue Service on previously filed AMT credit refund claims. For the three and nine months ended September 30, 2019, we recorded discrete items that resulted in an income tax benefit of \$0.5 million and \$ 1.3 million, respectively.

NOTE 11 - ASSET RETIREMENT OBLIGATIONS

The following is a summary of our asset retirement obligations:

	(In Millions)	
	September 30, 2020	December 31, 2019
Asset retirement obligations ¹	\$ 186.4	\$ 165.3
Less current portion	4.4	2.1
Long-term asset retirement obligations	<u>\$ 182.0</u>	<u>\$ 163.2</u>

¹ Includes \$33.7 million and \$22.0 million related to our active operations as of September 30, 2020 and December 31, 2019, respectively.

The accrued closure obligation is predominantly related to our indefinitely idled and closed iron ore mining operations and provides for contractual and legal obligations associated with the eventual closure of those operations. Additionally, we have included in our asset retirement obligation \$16.7 million for our integrated steel facilities and other operations acquired in the Merger. The closure date for each of our active mine sites was determined based on the exhaustion date of the remaining iron ore reserves and the amortization of the related asset and accretion of the liability is recognized over the estimated mine lives. The closure date and expected timing of the capital requirements to meet our obligations for our indefinitely idled or closed mines is determined based on the unique circumstances of each property. For indefinitely idled or closed mines, the accretion of the liability is recognized over the anticipated timing of remediation. As the majority of our asset retirement obligations at our steelmaking operations have indeterminate settlement dates, asset retirement obligations have been recorded at present values using estimated ranges of the economic lives of the underlying assets.

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

	(In Millions)	
	2020	2019
Asset retirement obligation as of January 1	\$ 165.3	\$ 172.4
Increase from AK Steel acquisition	16.7	—
Accretion expense	7.8	7.6
Remediation payments	(3.4)	(0.5)
Asset retirement obligation as of September 30	<u>\$ 186.4</u>	<u>\$ 179.5</u>

NOTE 12 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The following table presents the fair value of our derivative instruments and the classification of each in the Statements of Unaudited Condensed Consolidated Financial Position:

Derivative Asset (Liability)	Derivatives designated as hedging instruments under Topic 815:		Derivatives not designated as hedging instruments under Topic 815:	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
<i>Other current assets:</i>				
Customer supply agreement	\$ —	\$ —	\$ 34.5	\$ 44.5
Provisional pricing arrangements	—	—	26.9	1.3
Commodity contracts	7.9	—	7.9	—
<i>Other non-current assets:</i>				
Commodity contracts	1.8	—	—	—
<i>Other current liabilities:</i>				
Provisional pricing arrangements	—	—	(0.3)	(1.1)
Commodity contracts	(1.8)	(3.2)	(6.9)	—
Foreign exchange contracts	(0.6)	—	—	—
<i>Other non-current liabilities:</i>				
Foreign exchange contracts	(0.1)	—	—	—

Derivatives Designated as Hedging Instruments - Cash Flow Hedges

Exchange rate fluctuations affect a portion of revenues and operating costs that are denominated in foreign currencies, and we use forward currency and currency option contracts to reduce our exposure to certain of these currency price fluctuations. Contracts to purchase Canadian dollars are designated as cash flow hedges for accounting purposes, and we record the gains and losses for the derivatives and premiums paid for option contracts in *Accumulated other comprehensive loss* until we reclassify them into *Cost of goods sold* when we recognize the associated underlying operating costs.

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

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

	Unit of Measure	(In Millions)		
		September 30, 2020		December 31, 2019
		Maturity Dates	Notional Amount	Notional Amount
<i>Commodity contracts:</i>				
Natural gas	MMBtu	October 2020 - December 2021	29.7	20.1
Diesel	Gallons	—	—	0.8
Zinc	Pounds	October 2020 - December 2021	10.9	—
Electricity	Megawatt hours	October 2020 - December 2021	0.8	—
<i>Foreign exchange contracts:</i>				
Canadian dollars	CAD	October 2020 - December 2021	C\$ 38.8	C\$ —

Estimated gains before tax expected to be reclassified into *Cost of goods sold* within the next 12 months for our existing derivatives that qualify as cash flow hedges are presented below:

Hedge:	(In Millions)	
	Estimated Gains	
Natural gas	\$	10.8
Zinc		2.3
Electricity		1.1
Canadian dollars		0.2

Derivatives Not Designated as Hedging Instruments

Customer Supply Agreement

A supply agreement with one customer provides for supplemental revenue or refunds to the customer based on the hot-rolled coil steel price at the time the iron ore product is consumed in the customer's blast furnaces. The supplemental pricing is characterized as a freestanding derivative instrument and is required to be accounted for separately once control transfers to the customer. The derivative instrument, which is finalized based on a future price, is adjusted to fair value through *Revenues* each reporting period based upon current market data and forward-looking estimates provided by management until the pellets are consumed and the amounts are settled.

Provisional Pricing Arrangements

Certain of our supply agreements specify provisional price calculations, where the pricing mechanisms generally are based on market pricing, with the final revenue rate based on certain market inputs at a specified period in time in the future, per the terms of the supply agreements. Market inputs are tied to indexed price adjustment factors that are integral to the iron ore supply contracts and vary based on the agreement. The pricing mechanisms typically include adjustments based upon changes in the Platts 62% Price, Atlantic Basin Pellet Premium, Platts international indexed freight rates and changes in specified PPI. The pricing adjustments generally operate in the same manner, with each factor typically comprising a portion of the price adjustment, although the weighting of each factor varies based upon the specific terms of each agreement. The price adjustment factors have been evaluated to determine if they qualify as embedded derivatives. The price adjustment factors share the same economic characteristics and risks as the host sales contract and are integral to the host sales contract as inflation adjustments; accordingly, they have not been separately valued as derivative instruments.

Revenue is recognized generally upon delivery to our customers. Revenue is measured at the point that control transfers and represents the amount of consideration we expect to receive in exchange for transferring goods. Changes in the expected revenue rate from the date that control transfers through final settlement of contract terms is recorded in accordance with Topic 815 and is characterized as a derivative instrument and accounted for separately. Subsequently, the derivative instruments are adjusted to fair value through *Revenues* each reporting period based upon current market data and forward-looking estimates provided by management until the final revenue rate is determined.

The following summarizes the effect of our derivatives that are not designated as hedging instruments in the Statements of Unaudited Condensed Consolidated Operations:

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivatives	(In Millions)			
		Three Months Ended September 30,		Nine Months Ended September 30,	
		2020	2019	2020	2019
Customer supply agreements	<i>Revenues</i>	\$ 8.8	\$ 7.6	\$ 14.4	\$ 82.2
Provisional pricing arrangements	<i>Revenues</i>	20.4	(48.5)	28.0	(38.8)
Commodity contracts	<i>Cost of goods sold</i>	3.9	—	(0.8)	—
Total		\$ 33.1	\$ (40.9)	\$ 41.6	\$ 43.4

Refer to NOTE 8 - FAIR VALUE MEASUREMENTS for additional information.

NOTE 13 - SHAREHOLDERS' EQUITY**Acquisition of AK Steel**

As more fully described in NOTE 3 - ACQUISITION OF AK STEEL, we acquired AK Steel on March 13, 2020. At the effective time of the Merger, each share of AK Steel common stock issued and outstanding prior to the effective time of the Merger was converted into, and became exchangeable for, 0.400 Cliffs common shares, par value \$0.125 per share. We issued a total of 126.8 million Cliffs common shares in connection with the Merger at a fair value of \$ 617.6 million. Following the closing of the Merger, AK Steel's common stock was de-listed from the New York Stock Exchange.

Dividends

The below table summarizes our recent dividend activity:

Declaration Date	Record Date	Payment Date	Dividend Declared per Common Share¹
2/18/2020	4/3/2020	4/15/2020	\$ 0.06
12/2/2019	1/3/2020	1/15/2020	0.06
9/3/2019	10/4/2019	10/15/2019	0.10
5/31/2019	7/5/2019	7/15/2019	0.06
2/19/2019	4/5/2019	4/15/2019	0.05
10/18/2018	1/4/2019	1/15/2019	0.05

¹ The dividend declared on September 3, 2019 included a special cash dividend of \$0.04 per common share.

Subsequent to the dividend paid on April 15, 2020, our Board temporarily suspended future dividends as a result of the COVID-19 pandemic in order to preserve cash during this time of economic uncertainty.

Preferred Stock

We have 3,000,000 shares of Serial Preferred Stock, Class A, without par value, authorized and 4,000,000 shares of Serial Preferred Stock, Class B, without par value, authorized; no preferred shares are issued or outstanding. Pursuant to the terms of the Transaction Agreement, we agreed to issue ArcelorMittal S.A. 583,273 shares of a new series of our Serial Preferred Stock, Class B, without par value, to be designated as the "Series B Participating Redeemable Preferred Stock" at closing of the pending Transaction.

Share Repurchase Program

In November 2018, our Board authorized a program to repurchase outstanding common shares in the open market or in privately negotiated transactions, up to a maximum of \$200 million, excluding commissions and fees. In April 2019, our Board increased the common share repurchase authorization by an additional \$100 million, excluding commissions and fees. During the nine months ended September 30, 2019, we repurchased 24.4 million common shares at a cost of \$252.9 million in the aggregate, including commissions and fees. The share repurchase program was effective until December 31, 2019.

NOTE 14 - ACCUMULATED OTHER COMPREHENSIVE LOSS

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

	(In Millions)			
	Postretirement Benefit Liability, net of tax	Foreign Currency Translation	Derivative Financial Instruments, net of tax	Accumulated Other Comprehensive Loss
December 31, 2019	\$ (315.7)	\$ —	\$ (3.1)	\$ (318.8)
Other comprehensive loss before reclassifications	—	(0.9)	(5.2)	(6.1)
Net loss reclassified from accumulated other comprehensive loss	5.6	—	2.2	7.8
March 31, 2020	\$ (310.1)	\$ (0.9)	\$ (6.1)	\$ (317.1)
Other comprehensive income before reclassifications	0.4	0.7	1.4	2.5
Net loss reclassified from accumulated other comprehensive loss	5.6	—	3.1	8.7
June 30, 2020	\$ (304.1)	\$ (0.2)	\$ (1.6)	\$ (305.9)
Other comprehensive income before reclassifications	0.4	1.6	12.2	14.2
Net loss reclassified from accumulated other comprehensive loss	6.2	—	3.5	9.7
September 30, 2020	\$ (297.5)	\$ 1.4	\$ 14.1	\$ (282.0)

	(In Millions)		
	Postretirement Benefit Liability, net of tax	Derivative Financial Instruments, net of tax	Accumulated Other Comprehensive Loss
December 31, 2018	\$ (281.1)	\$ (2.8)	\$ (283.9)
Other comprehensive income before reclassifications	0.2	2.5	2.7
Net loss reclassified from accumulated other comprehensive loss	5.5	0.2	5.7
March 31, 2019	\$ (275.4)	\$ (0.1)	\$ (275.5)
Other comprehensive income (loss) before reclassifications	0.3	(2.3)	(2.0)
Net loss reclassified from accumulated other comprehensive loss	5.5	0.2	5.7
June 30, 2019	\$ (269.6)	\$ (2.2)	\$ (271.8)
Other comprehensive income (loss) before reclassifications	0.3	(0.5)	(0.2)
Net loss reclassified from accumulated other comprehensive loss	5.5	0.9	6.4
September 30, 2019	\$ (263.8)	\$ (1.8)	\$ (265.6)

The following table reflects the details about *Accumulated other comprehensive loss* components related to shareholders' equity:

Details about Accumulated Other Comprehensive Loss Components	(In Millions)				Affected Line Item in the Statement of Unaudited Condensed Consolidated Operations
	Amount of (Gain)/Loss Reclassified into Income, Net of Tax				
	Three Months Ended September 30,		Nine Months Ended September 30,		
	2020	2019	2020	2019	
Amortization of pension and OPEB liability:					
Prior service credits	\$ (0.3)	\$ (0.2)	\$ (0.8)	\$ (0.6)	Other non-operating income
Net actuarial loss	8.1	7.2	22.8	21.5	Other non-operating income
	7.8	7.0	22.0	20.9	Total before taxes
	(1.6)	(1.5)	(4.6)	(4.4)	Income tax benefit (expense)
	\$ 6.2	\$ 5.5	\$ 17.4	\$ 16.5	Net of taxes
Unrealized loss on derivative financial instruments:					
Commodity contracts	\$ 4.5	\$ 1.2	\$ 11.2	\$ 1.7	Cost of goods sold
	(1.0)	(0.3)	(2.4)	(0.4)	Income tax benefit (expense)
	\$ 3.5	\$ 0.9	\$ 8.8	\$ 1.3	Net of taxes
Total reclassifications for the period, net of tax	\$ 9.7	\$ 6.4	\$ 26.2	\$ 17.8	

NOTE 15 - RELATED PARTIES

We have certain co-owned joint ventures with companies from the steel and mining industries, including integrated steel companies, their subsidiaries and other downstream users of steel and iron ore products. In addition, we have certain long-term contracts, and from time to time, enter into other sales agreements with these parties, and as a result, generate *Revenues* from related parties.

Hibbing is a co-owned joint venture with companies that are integrated steel producers or their subsidiaries. The following is a summary of the mine ownership of the co-owned iron ore mine at September 30, 2020:

Mine	Cleveland-Cliffs Inc.	ArcelorMittal USA	U.S. Steel
Hibbing	23.0%	62.3%	14.7%

The tables below summarize our material related party transactions:

Revenues from related parties were as follows:

	(Dollars In Millions)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenue from related parties	\$ 294.9	\$ 293.5	\$ 587.5	\$ 792.8
Revenues ¹	\$ 1,646.0	\$ 555.6	\$ 3,097.8	\$ 1,455.8
Related party revenues as a percent of Revenues ¹	17.9 %	52.8 %	19.0 %	54.5 %
Purchases from related parties	\$ 8.2	\$ —	\$ 20.4	\$ —

¹ Includes *Realization of deferred revenue* of \$34.6 million for the nine months ended September 30, 2020.

The following table presents the classification of related party assets and liabilities in the Statements of Unaudited Condensed Consolidated Financial Position:

Balance Sheet Location	(In Millions)	
	September 30, 2020	December 31, 2019
<i>Accounts receivable, net</i>	\$ 91.6	\$ 31.1
<i>Other current assets</i>	58.5	44.5
<i>Accounts payable</i>	(1.2)	—
<i>Other current liabilities</i>	(1.7)	(2.0)

Other current assets

A supply agreement with one customer provides for supplemental revenue or refunds to the customer based on the hot-rolled coil steel price at the time the product is consumed in the customer's blast furnaces. The supplemental pricing is characterized as a freestanding derivative. Additionally, the customer also has certain provisional pricing arrangements where the difference between the estimated final revenue rate at the date of sale and the estimated final revenue rate at the measurement date is characterized as a derivative and is required to be accounted for separately once control has transferred upon delivery. Refer to NOTE 12 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES for further information.

NOTE 16 - VARIABLE INTEREST ENTITIES

SunCoke Middletown

We purchase all the coke and electrical power generated from SunCoke Middletown's plant under long-term supply agreements. SunCoke Middletown is a VIE because we have committed to purchase all the expected production from the facility through 2032 and we are the primary beneficiary. Therefore, we consolidate SunCoke Middletown's financial results with our financial results, even though we have no ownership interest in SunCoke Middletown. SunCoke Middletown had income before income taxes of \$11.8 million and \$31.3 million for the three and nine months ended September 30, 2020, respectively, that was included in our consolidated income before income taxes.

The assets of the consolidated VIE can only be used to settle the obligations of the consolidated VIE and not obligations of the Company. The creditors of SunCoke Middletown do not have recourse to the assets or general credit of the Company to satisfy liabilities of the VIE. The consolidated balance sheet as of September 30, 2020 includes the following amounts for SunCoke Middletown:

	(In Millions)	
	September 30, 2020	
Cash and cash equivalents	\$	0.3
Inventories		22.5
Property, plant and equipment, net		305.4
Accounts payable		(10.0)
Other assets (liabilities), net		(5.6)
Noncontrolling interests		(312.6)

NOTE 17 - EARNINGS PER SHARE

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

	(In Millions, Except Per Share Amounts)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Income (loss) from continuing operations	\$ 2.2	\$ 91.8	\$ (154.8)	\$ 231.1
Income from continuing operations attributable to noncontrolling interest	(11.9)	—	(31.2)	—
Net income (loss) from continuing operations attributable to Cliffs shareholders	(9.7)	91.8	(186.0)	231.1
Loss from discontinued operations, net of tax	(0.3)	(0.9)	—	(1.5)
Net income (loss) attributable to Cliffs shareholders	<u>\$ (10.0)</u>	<u>\$ 90.9</u>	<u>\$ (186.0)</u>	<u>\$ 229.6</u>
Weighted average number of shares:				
Basic	399.4	270.0	365.2	278.4
Convertible senior notes	—	3.7	—	5.8
Employee stock plans	—	2.9	—	3.6
Diluted	<u>399.4</u>	<u>276.6</u>	<u>365.2</u>	<u>287.8</u>
Earnings (loss) per common share attributable to Cliffs shareholders - basic:				
Continuing operations	\$ (0.02)	\$ 0.34	\$ (0.51)	\$ 0.83
Discontinued operations	—	—	—	(0.01)
	<u>\$ (0.02)</u>	<u>\$ 0.34</u>	<u>\$ (0.51)</u>	<u>\$ 0.82</u>
Earnings (loss) per common share attributable to Cliffs shareholders - diluted:				
Continuing operations	\$ (0.02)	\$ 0.33	\$ (0.51)	\$ 0.80
Discontinued operations	—	—	—	—
	<u>\$ (0.02)</u>	<u>\$ 0.33</u>	<u>\$ (0.51)</u>	<u>\$ 0.80</u>

The following table summarizes the shares that have been excluded from the diluted earnings per share calculation as they were anti-dilutive:

	(In Millions)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Shares related to employee stock plans	1.8	—	1.6	—

There was no dilution during the three and nine months ended September 30, 2020 related to the common share equivalents for the convertible senior notes as our common shares average price did not rise above the conversion price.

NOTE 18 - COMMITMENTS AND CONTINGENCIES**Purchase Commitments***HBI production plant*

In 2017, we began to incur capital commitments related to the construction of our HBI production plant in Toledo, Ohio; however, due to the COVID-19 pandemic, we temporarily halted construction in March 2020. In June 2020, we resumed construction and now expect to complete the project and begin production in the fourth quarter of 2020. In total, to complete the project, we expect to spend approximately \$1 billion on the HBI production plant, excluding capitalized interest, of which \$940.2 million was paid as of September 30, 2020. As of September 30, 2020, we have contracts and purchase orders in place for \$97.8 million.

Contingencies

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

Environmental Contingencies

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

The following is a summary of our environmental obligations:

	(In Millions)	
	September 30, 2020	December 31, 2019
Environmental obligations	\$ 40.9	\$ 2.0
Less current portion	6.4	0.3
Long-term environmental obligations	<u>\$ 34.5</u>	<u>\$ 1.7</u>

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

Except as we expressly note below, we do not currently anticipate any material effect on our consolidated financial position, results of operations or cash flows as a result of compliance with current environmental regulations. Moreover, because all domestic steel and iron ore producers operate under the same federal environmental regulations, we do not believe that we are more disadvantaged than our domestic competitors by our need to comply with these regulations. Some foreign competitors may benefit from less stringent environmental requirements in the countries where they produce, resulting in lower compliance costs for them and providing those foreign competitors with a cost advantage on their products.

According to RCRA, which governs the treatment, handling and disposal of hazardous waste, the EPA and authorized state environmental agencies may conduct inspections of RCRA-regulated facilities to identify areas where there have been releases of hazardous waste or hazardous constituents into the environment and may order the facilities to take corrective action to remediate such releases. Environmental regulators may inspect our major iron ore and steelmaking facilities. While we cannot predict the future actions of these regulators, it is possible that they may identify conditions in future inspections of these facilities which they believe require corrective action.

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

On April 29, 2002, AK Steel entered a mutually agreed-upon administrative order on consent with the EPA pursuant to Section 122 of CERCLA to perform a Remedial Investigation/Feasibility Study ("RI/FS") of the Hamilton Plant site located in New Miami, Ohio. The plant ceased operations in 1990 and all of its former structures have been demolished. AK Steel submitted the investigation portion of the RI/FS and completed supplemental studies. We currently have accrued \$0.7 million for the remaining cost of the RI/FS. Until the RI/FS is complete, we cannot reliably estimate the additional costs, if any, we may incur for potentially required remediation of the site or when we may incur them.

On September 26, 2012, the EPA issued an order under Section 3013 of RCRA requiring a plan to be developed for investigation of four areas at the Ashland Works coke plant. The Ashland Works coke plant ceased operations in 2011 and all of its former structures have been demolished and removed. In 1981, AK Steel acquired the plant from Honeywell International Corporation (as successor to Allied Corporation), who had managed the coking operations there for approximately 60 years. In connection with the sale of the coke plant, Honeywell agreed to indemnify AK Steel against certain claims and obligations that could arise from the investigation, and we intend to pursue such indemnification from Honeywell, if necessary. We cannot reliably estimate how long it will take to complete the site investigation. On March 10, 2016, the EPA invited AK Steel to participate in settlement discussions regarding an enforcement action. Settlement discussions between the parties are ongoing, though whether the parties will reach agreement and any such agreement's terms are uncertain. We currently have accrued \$1.4 million for the projected cost of the investigation and known remediation. Until the site investigation is complete, we cannot reliably estimate the costs, if any, we may incur for potential additional required remediation of the site or when we may incur them.

On May 12, 2014, the Michigan Department of Environment, Great Lakes, and Energy ("EGLE") (previously the Michigan Department of Environmental Quality) issued to Dearborn Works an Air Permit to Install No. 182-05C (the "PTI") to increase the emission limits for the blast furnace and other emission sources. The PTI was issued as a correction to a prior permit to install that did not include certain information during the prior permitting process. On July 10, 2014, the South Dearborn Environmental Improvement Association ("SDEIA"), Detroiters Working for Environmental Justice, Original United Citizens of Southwest Detroit and the Sierra Club filed a Claim of Appeal of the PTI in the State of Michigan, Wayne County Circuit Court, Case No. 14-008887-AA. The appellants and EGLE required the intervention of Severstal Dearborn, LLC (later merged into AK Steel Corporation) in this action as an additional appellee. The appellants allege multiple deficiencies with the PTI and the permitting process. On July 2, 2019, the Circuit Court dismissed the PTI appeal and ruled that EGLE appropriately issued the permit modification. The appellants have appealed that decision. Until the appeal is resolved, we cannot determine what the ultimate permit limits will be. Until the permit limits are determined and final, we cannot reliably estimate the costs we may incur, if any, or when we may incur them.

On August 21, 2014, the SDEIA filed a Complaint under the Michigan Environmental Protection Act ("MEPA") in the State of Michigan, Wayne County Circuit Court, Case No. 14-010875-CE. The plaintiffs allege that the air emissions from Dearborn Works are impacting the air, water and other natural resources, as well as the public trust in

such resources. The plaintiffs are requesting, among other requested relief, that the court assess and determine the sufficiency of the PTI's limitations. On October 15, 2014, the court ordered a stay of the proceedings until a final order is issued in Wayne County Circuit Court Case No. 14-008887-AA (discussed above). When the proceedings resume, we intend to vigorously contest these claims. Until the claims in this complaint are resolved, we cannot reliably estimate the costs we may incur, if any, or when we may incur them.

On November 18, 2019, November 26, 2019, and March 16, 2020, EGLE issued Notices of Violations ("NOVs") with respect to the basic oxygen furnace electrostatic precipitator at Dearborn Works alleging violations of manganese, lead and opacity limits. We are investigating these claims and will work with EGLE to attempt to resolve them. We intend to vigorously contest any claims which cannot be resolved through a settlement. Until a settlement is reached with EGLE or the claims of the NOVs are otherwise resolved, we cannot reliably estimate the costs, if any, associated with any potentially required work.

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

Other Contingencies

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

NOTE 19 - SUBSEQUENT EVENTS

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

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

Management's Discussion and Analysis of Financial Condition and Results of Operations is designed to provide a reader of our financial statements with a narrative from the perspective of management on our financial condition, results of operations, liquidity and other factors that may affect our future results. We believe it is important to read our Management's Discussion and Analysis of Financial Condition and Results of Operations in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2019 and in our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2020 and June 30, 2020, as well as other publicly available information.

Overview

Founded in 1847, Cleveland-Cliffs is among the largest vertically integrated producers of differentiated iron ore and steel in North America. With an emphasis on non-commoditized products, we are uniquely positioned to supply both customized iron ore pellets and steel solutions to a quality-focused customer base. AK Steel, a wholly-owned subsidiary of Cleveland-Cliffs, is a leading producer of flat-rolled carbon, stainless and electrical steel products. The AK Tube and Precision Partners businesses provide customer solutions with carbon and stainless steel tubing products, die design and tooling, and hot- and cold-stamped components. In 2020, we expect to be the sole producer of HBI in the Great Lakes region. Headquartered in Cleveland, Ohio, we employ approximately 11,000 people across mining and steel manufacturing operations in the United States and Canada.

On September 28, 2020, we entered into the Transaction Agreement with ArcelorMittal S.A., pursuant to which Cliffs will acquire substantially all of the operations of ArcelorMittal USA. Upon completion of the Transaction, we will be the largest flat-rolled steel producer in North America. We will also be the largest iron ore pellet producer in North America. We expect to complete the Transaction in the fourth quarter of 2020, subject to the receipt of regulatory approvals and the satisfaction of other customary closing conditions. We believe the transaction will transform us into a more efficient and flexible fully-integrated steel system, increasing our exposure in several

desirable end markets and creating a more resilient balance sheet. Unless otherwise noted, discussion of our business and results of operations in this Quarterly Report on Form 10-Q refers to our continuing operations on a stand-alone basis without giving effect to the Transaction.

Throughout 2020, the COVID-19 pandemic negatively disrupted, to varying degrees, effectively all of the end markets that we serve. As a result, we saw decreased demand for our steel and raw material products from the industrial markets that were impacted, most notably the automotive industry. However, during the third quarter of 2020, our business conditions rapidly improved as automotive customers have now resumed effectively full production in their previously idled facilities, and we have resumed operations at all of our temporarily idled facilities.

The largest market for our steel products is the automotive industry in North America, which makes light vehicle production a key driver of demand. In the first nine months of 2020, North American light vehicle production was approximately 9.2 million units, a 26% reduction from the prior year's comparable period. The reduction is a result of automotive plants shutting down throughout the United States in response to the COVID-19 pandemic, with the most severe impact occurring in the second quarter of 2020. During the third quarter of 2020, automotive production recovered dramatically in response to increased demand from dealers, whose inventories had become severely depleted due to the shutdowns. We expect the industry to continue to operate at a healthy pace due to continued strong consumer light vehicle demand.

In our Steel and Manufacturing segment, we also sell our steel products to the infrastructure, manufacturing, electrical power, distributors and converters markets, which have shown signs of improvement, but not to the level of the automotive recovery. Shipments to the distributors and converters markets, for example, remained slower than normal for most of the third quarter of 2020 due to lower than normal demand and high inventories which resulted in a reduced hot-rolled coil pricing average.

For our Mining and Pelletizing segment, the key driver of our business is demand for raw materials from U.S. steelmakers. During the first eight months of 2020, the U.S. produced approximately 47 million metric tons of crude steel, which is 20% lower than the same period in 2019, representing about 4% of total global crude steel production. U.S. total steel capacity utilization was approximately 66% in the first nine months of 2020, which is an approximate 18% decrease from the same period in 2019.

The price for domestic hot-rolled coil steel, an important attribute in the pricing for our iron ore pellets and certain of our steel products, averaged \$526 per net ton for the first nine months of 2020, 16% lower than the same period last year. The price of hot-rolled coil steel was negatively impacted by lower demand related to the COVID-19 pandemic. However, we are encouraged that the price has recovered dramatically since August 2020 to above \$650 per net ton, as a result of improved supply-demand fundamentals.

The two other important indices that impact pricing in our Mining and Pelletizing segment are the Platts 62% Price and the Atlantic Basin Pellet Premium. The Platts 62% Price averaged \$100 per metric ton in the first nine months of 2020, a 6% increase compared to the same period in 2019. The Platts 62% Price continued its strong performance in the third quarter of 2020, as Chinese demand for iron ore remains strong. The Atlantic Basin Pellet Premium averaged \$29 per metric ton for the first nine months of 2020, a 54% decrease compared to the same period in 2019, as weakness in the steel market outside of China has driven reduced demand for higher quality raw materials.

For the three and nine months ended September 30, 2020, our consolidated *Revenues*, including *Realization of deferred revenue* of \$34.6 million for the nine months ended September 30, 2020, were \$1,646.0 million and \$3,097.8 million, respectively. For the three and nine months ended September 30, 2019, our consolidated *Revenues* were \$555.6 million and \$1,455.8 million, respectively. For the three and nine months ended September 30, 2020, we had net loss from continuing operations attributable to Cliffs shareholders of \$0.02 and \$0.51 per diluted share, respectively, and consolidated Adjusted EBITDA of \$126.3 million and \$67.0 million, respectively. For the three and nine months ended September 30, 2019, we had net income from continuing operations attributable to Cliffs shareholders of \$0.33 and \$0.80 per diluted share, respectively, and consolidated Adjusted EBITDA of \$144.1 million and \$413.7 million, respectively. See "- Results of Operations – Segment Information" below for a reconciliation of our consolidated *Net Income (loss)* to Adjusted EBITDA.

Strategy

Our key strategic initiatives include:

Optimizing our Fully-Integrated Steelmaking Footprint

Upon expected completion of the Transaction to acquire substantially all of the operations of ArcelorMittal USA, Cliffs will be transformed into a fully-integrated steel enterprise with the size and scale to achieve improved through-the-cycle margins. The Transaction will form us into the largest flat-rolled steel producer in North America with combined 2019 shipments of approximately 17 million net tons. The pending Transaction is consistent with our U.S.-centric strategy and furthers our commitment to environmentally and socially conscious steelmaking, providing self-sufficiency in environmentally friendly HBI and pellets, and expands our relationship with our union partners.

The Transaction includes six steelmaking facilities, eight finishing facilities, two iron ore mining and pelletizing operations, and three coal and cokemaking operations. These assets build upon our existing high-end steelmaking and raw material capabilities, and also open up new markets to us. Once the Transaction is completed, our focus will be on the integration of these facilities within the Cliffs footprint. The combination will provide us additional scale and technical capabilities necessary in a competitive and increasingly quality-focused marketplace.

We expect the Transaction to improve our production capabilities, flexibility, and cost performance. We have identified approximately \$150 million of cost synergies through asset optimization, economies of scale, and duplicative overhead savings. The Transaction also enhances optionality for future production of merchant pig iron, to complement our HBI offering in the metallics space.

Maximizing our Commercial Strengths

With the completed acquisition of AK Steel and the expected completion of the Transaction to acquire substantially all of the operations of ArcelorMittal USA, we will be positioned to enhance our offering of a full suite of products encompassing all steps of the iron ore and steel manufacturing process. We will enhance our industry-leading market share in the automotive industry, where our portfolio of high-end products will deliver a broad range of differentiated solutions for this highly sought after customer base.

Both before and after the expected completion of the acquisition of substantially all of the operations of ArcelorMittal USA, our product offering is expected to place heavy emphasis on the high-quality end of the spectrum, compared to other suppliers of steel in the domestic and global marketplace. Since 2015, AK Steel has de-emphasized the marketing of commodity-grade steel such as hot-rolled coil and focused on high-end applications and solutions, emphasizing niche products primarily for the automotive industry, which is well known for its extremely selective buying behavior. The AK Steel expertise, equipment capabilities and delivery reliability differentiate us from what most U.S.-based steelmakers are capable of offering. It also allows for the ability to minimize the pricing influence of volatile market indices with more focus on fixed-price agreements.

We also produce iron ore pellets, the most advanced and sophisticated iron ore product in the marketplace. The major global iron ore producers primarily sell iron ore fines, a commodity-grade product that makes up the vast majority of the seaborne iron ore trade. Our pellets are iron ore fines that have been further processed into homogenous feedstock that allow for enhanced efficiency within a blast furnace, offering steelmakers improved productivity and environmental performance. The sophisticated and tailor-made nature of our pellets allows us to charge a premium when compared to other iron ore products available in the marketplace. Upon the expected completion of the ArcelorMittal USA acquisition, we expect to transfer the vast majority of our pellets on an intercompany basis.

Our Toledo HBI production plant, when operational, will allow us to offer another unique, high-quality product to discerning raw material buyers. EAF steelmakers primarily use scrap for their iron feedstock, and our HBI will offer a sophisticated alternative with less impurities, allowing the steelmakers to increase the quality of their respective end steel products and reduce reliance on imported metallics.

Expanding our Customer Base and Product Offering

The completed acquisition of both AK Steel and the pending acquisition of substantially all of the operations of ArcelorMittal USA position us to benefit from a larger and more diverse base of customers, with less overall emphasis on commodity-linked contracts, particularly the Platts 62% Price and Atlantic Basin Pellet Premium. This expansion of our customer base into the automotive industry, as well as other steel consuming manufacturers, is expected to create resiliency by broadening our exposure to several diversified end steel markets. We will now generally supply more

advanced steel products than EAF steelmakers, who have gained market share from other blast furnaces on less advanced commodity-grade steels.

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

Additionally, although we have a different customer base compared to other blast furnace steelmakers, we cannot ignore the ongoing shift of steelmaking share in the U.S. away from the blast furnace producers to the EAF steelmakers. Over the past 25 years, the market share of EAFs has nearly doubled. However, as EAFs have moved to higher-value steel products, they require more high-quality iron ore-based metallics instead of lower-grade scrap as raw material feedstock. As a result of this trend, one of our top strategic priorities will be to become a critical supplier of the EAF market by providing these specialized metallics.

Once operational, we expect our HBI production plant to partially replace the over three million metric tons of ore-based metallics that are imported into the Great Lakes region every year from Russia, Ukraine, Brazil and Venezuela, as well as the nearly 20 million metric tons of scrap used in the Great Lakes area every year. The Toledo site is in close proximity to over 20 EAFs, giving us a natural competitive freight advantage over import competitors. Not only will our HBI production plant create another outlet for our high-margin pellets, but it also presents an attractive economic opportunity for us. As the only producer of DR-grade pellets in the Great Lakes region and with access to abundant, low-cost natural gas, we will be in a unique position to serve clients in the area and grow our customer base.

The completed acquisition of AK Steel and pending acquisition of substantially all of the operations of ArcelorMittal USA provide other potential outlets for HBI as it can also be used in integrated steel operations to increase productivity and reduce carbon footprint, allowing for more cost efficient and environmentally friendly steelmaking.

Strengthening our Legacy Mining and Pelletizing Business

We are the market-leading iron ore producer in the U.S., supplying differentiated iron ore pellets to major North American blast furnace steel production facilities. We have the unique advantage of being a low-cost, high-quality, iron ore pellet producer with significant transportation and logistics advantages to serve the Great Lakes steel market.

We recognize the importance of our current strong position in the North American blast furnace steel industry, and one of our top priorities is to enhance our Mining and Pelletizing business by continually evaluating opportunities to preserve our customer base, expand our production capacity and increase ore reserve life.

The acquisition of AK Steel is central to providing stability to our Mining and Pelletizing business, as sales to AK Steel accounted for 29% of our iron ore product revenue for the year ended December 31, 2019. The acquisition of AK Steel ensures pellet volume commitments for approximately 6 million long tons of pellets annually in a normalized environment to complement our existing long-term minimum volume pellet offtake agreements with other key integrated steel producers and pellets to be eventually consumed at our Toledo HBI production plant.

The pending Transaction to acquire substantially all of the operations of ArcelorMittal USA would further secure this business by integrating our largest external pellet customer into our business. This is expected to ensure pellet volume commitments of approximately 7 to 9 million long tons annually in a normalized environment. The pending Transaction will also add to our pellet footprint by approximately 8 million long tons of annual capacity, including ArcelorMittal USA's majority share of the Hibbing mine as well as the Minorca mine. The pellet production from these two mines is also expected to supply pellets to our own blast furnace operations.

Third Quarter 2020 Recent Developments

On September 28, 2020, we entered into the Transaction Agreement with ArcelorMittal S.A., pursuant to which Cliffs will acquire substantially all of the operations of ArcelorMittal USA for an aggregate purchase price of approximately \$1.4 billion, consisting of (i) \$505 million in cash, (ii) 78,186,671 of our common shares, par value \$0.125 per share, and (iii) 583,273 shares of a new series of our Serial Preferred Stock, Class B, without par value, to be designated as the "Series B Participating Redeemable Preferred Stock" at closing. The cash portion of the purchase price is subject to customary working capital and purchase price adjustments.

We expect to complete the Transaction in the fourth quarter of 2020. Completion of the Transaction is subject to various customary closing conditions, including the receipt of required regulatory approvals in identified jurisdictions, including the expiration or termination of the waiting period under the Hart-Scott-Rodino Act, and it is possible that factors outside of our control could result in the Transaction being completed at a later time or not at all. The Transaction Agreement also contains certain termination rights that may be exercised by either us or ArcelorMittal S.A. We plan to complete the Transaction as soon as reasonably practicable following the satisfaction or waiver of all applicable conditions.

COVID-19

In December 2019, COVID-19 surfaced in Wuhan, China, and has since spread to other countries, including the United States. In March 2020, the World Health Organization characterized COVID-19 as a pandemic. Efforts to contain the spread of COVID-19 intensified throughout 2020, and many countries, including the United States, took steps to restrict travel, temporarily close businesses and issue quarantine orders. It remains unclear how long and to what degree of severity the economic impact of the COVID-19 pandemic will be felt.

On March 27, 2020, President Trump signed into law the CARES Act. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, AMT credit refunds, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. We have evaluated the impact the CARES Act will have on our business and are receiving liquidity relief due to our ability to accelerate the receipt of approximately \$60 million of AMT credit refunds, originally receivable in 2021 and 2022 but instead were collected in July 2020, and defer pension contributions and employer social security payments of approximately \$90 million.

We continue to utilize stringent social distancing procedures in our operating facilities, including checking employees' temperatures and symptoms before entering the workplace each day and deep cleaning our operational facilities. Although we continue to utilize these measures, the outbreak of COVID-19 has heightened the risk that a significant portion of our workforce will suffer illness or otherwise be unable to perform their ordinary work functions.

Although steel and iron ore production have been considered "essential" by the states in which we operate, certain of our facilities and construction activities were temporarily idled during the second quarter of 2020 due primarily to temporarily reduced product demand. Most of these temporarily idled facilities were restarted during the second quarter, and the remaining operations were restarted during the third quarter.

We cannot predict whether our operations will experience additional disruptions in the future. We may also continue to experience supply chain disruptions or operational issues with our vendors, as our suppliers and contractors face similar challenges related to the COVID-19 pandemic. Because the impact of the COVID-19 pandemic continues to evolve, we cannot currently predict the extent to which our business, results of operations, financial condition or liquidity will ultimately be impacted.

To mitigate the impact of the COVID-19 pandemic, we took a number of steps throughout 2020 to solidify our liquidity position, including issuing \$520 million aggregate principal amount of secured debt, adding a \$150 million FILO tranche to our ABL facility, idling several facilities both temporarily and permanently, temporarily deferring our Chief Executive Officer's compensation by 40%, temporarily deferring salaries by up to 20%, temporarily deferring other salaried employee benefits, and temporarily suspending capital expenditures. Lastly, our Board has suspended future dividends, which is a typical cash obligation of approximately \$100 million on an annualized basis.

In light of the sudden onset and unknown impact and duration of the COVID-19 pandemic, our previously released guidance for the fiscal year ending December 31, 2020, should not be relied upon.

Results of Operations - Consolidated

The following is a summary of our consolidated results of operations for the three and nine months ended September 30, 2020 and 2019:

Revenues

The following table presents our sales volumes and *Revenues* by reportable segment:

	(In Millions, Except Sales Tons)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Sales volume (in thousands):				
Steel and Manufacturing (net tons)	1,117	—	1,935	—
Mining and Pelletizing sales (long tons)	4,907	5,750	11,800	13,527
Less: Intercompany sales (long tons)	(1,204)	(346)	(3,028)	(384)
Mining and Pelletizing consolidated sales (long tons)	3,703	5,404	8,772	13,143
Revenues:				
Steel and Manufacturing net sales to external customers	\$ 1,261.7	\$ —	\$ 2,194.3	\$ —
Mining and Pelletizing net sales ¹	520.3	590.6	1,238.7	1,494.8
Less: Intercompany sales	(136.0)	(35.0)	(335.2)	(39.0)
Mining and Pelletizing net sales to external customers	384.3	555.6	903.5	1,455.8
Total revenues	<u>\$ 1,646.0</u>	<u>\$ 555.6</u>	<u>\$ 3,097.8</u>	<u>\$ 1,455.8</u>

¹ Includes *Realization of deferred revenue* of \$34.6 million for the nine months ended September 30, 2020.

Revenues increased by \$1,090.4 million, or 196.3%, for the three months ended September 30, 2020, compared to the prior-year period. *Revenues*, including *Realization of deferred revenue*, increased by \$1,642.0 million, or 112.8%, for the nine months ended September 30, 2020, compared to the prior-year period. The increase for the three months ended September 30, 2020 was due to the addition of revenues from our new Steel and Manufacturing segment as a result of the AK Steel acquisition, which was completed on March 13, 2020, and an increase in the realized revenue rates within the Mining and Pelletizing segment, which were partially offset by a decrease in the sales volumes within the Mining and Pelletizing segment. The increase for the nine months ended September 30, 2020 was due to the addition of revenues from our new Steel and Manufacturing segment as a result of the AK Steel acquisition, which was completed on March 13, 2020, and was partially offset by a decrease in the sales volumes and realized revenue rates within the Mining and Pelletizing segment.

Refer to “– Results of Operations – Segment Information” for additional information regarding the specific factors that impacted revenue during the period.

Operating Costs

The following is a summary of *Total operating costs*:

	(In Millions)					
	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Variance Favorable/ (Unfavorable)	2020	2019	Variance Favorable/ (Unfavorable)
Cost of goods sold	\$ (1,525.4)	\$ (400.7)	\$ (1,124.7)	\$ (3,088.9)	\$ (1,007.0)	\$ (2,081.9)
Selling, general and administrative expenses	(59.6)	(25.5)	(34.1)	(149.2)	(82.2)	(67.0)
Acquisition-related costs	(7.5)	—	(7.5)	(68.4)	—	(68.4)
Miscellaneous – net:						
Empire idle costs	(3.7)	(5.5)	1.8	(10.7)	(14.8)	4.1
HBI production plant startup costs	(8.0)	(2.0)	(6.0)	(23.0)	(3.9)	(19.1)
Other	(3.8)	(0.3)	(3.5)	(6.8)	(0.3)	(6.5)
Total Miscellaneous – net	(15.5)	(7.8)	(7.7)	(40.5)	(19.0)	(21.5)
Total operating costs	\$ (1,608.0)	\$ (434.0)	\$ (1,174.0)	\$ (3,347.0)	\$ (1,108.2)	\$ (2,238.8)

Cost of goods sold

The increases for the three and nine months ended September 30, 2020, were primarily due to the addition of activity from the Steel and Manufacturing segment of \$1,239.4 million and \$2,345.9 million, respectively, which was unfavorably impacted by temporary idle related costs of approximately \$39 million and \$149 million, respectively, resulting from the COVID-19 pandemic. *Cost of goods sold* for the three and nine months ended September 30, 2020 was partially offset by decreases at the Mining and Pelletizing segment of \$31.5 million and \$45.7 million, respectively, primarily due to a decrease in sales volumes. Mining and Pelletizing segment *Cost of goods sold* for the three and nine months ended September 30, 2020 included temporary idle related costs of approximately \$14 million and \$63 million, respectively, resulting from the COVID-19 pandemic.

Refer to “– Results of Operations – Segment Information” for additional information regarding the specific factors that impacted our operating results during the period.

Selling, general and administrative expenses

We had additional *Selling, general and administrative expenses* for the three and nine months ended September 30, 2020 for costs incurred related to AK Steel, which were partially offset by lower incentive compensation costs.

Acquisition-related costs

The *Acquisition-related costs* for the three and nine months ended September 30, 2020, include severance of \$2.4 million and \$38.3 million, respectively. Refer to NOTE 3 - ACQUISITION OF AK STEEL for further information on the acquisition.

Other Income (Expense)

The following is a summary of *Total other expense*:

	(In Millions)					
	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Variance Favorable/ (Unfavorable)	2020	2019	Variance Favorable/ (Unfavorable)
Interest expense, net	\$ (68.2)	\$ (25.3)	\$ (42.9)	\$ (167.9)	\$ (76.5)	\$ (91.4)
Gain (loss) on extinguishment of debt	—	—	—	132.6	(18.2)	150.8
Other non-operating income (expense):						
Net periodic benefit credits (costs) other than service costs component	9.3	(0.3)	9.6	29.9	(0.4)	30.3
Other	0.7	0.6	0.1	1.3	1.7	(0.4)
Total other expense	\$ (58.2)	\$ (25.0)	\$ (33.2)	\$ (4.1)	\$ (93.4)	\$ 89.3

The increases in *Interest expense, net* were primarily due to the incremental debt associated with the acquisition of AK Steel. These increases were partially offset by an increase in capitalized interest primarily related to construction of the HBI production plant.

The gain on extinguishment of debt for the nine months ended September 30, 2020 primarily relates to the repurchase of \$747.6 million aggregate principal amount of our outstanding senior notes of various series using the net proceeds from the additional \$555.2 million 9.875% 2025 Senior Secured Notes issuance and other sources of cash. The nine months ended September 30, 2020 were also impacted by the purchase of \$56.5 million aggregate principal amount of 7.50% 2023 AK Senior Notes and \$8.5 million aggregate principal amount of 7.625% 2021 AK Senior Notes pursuant to tender offers. Refer to NOTE 7 - DEBT AND CREDIT FACILITIES for further details.

The increases in net periodic benefit credits (costs) other than service cost component were primarily due to expected return on assets due to the acquisition of AK Steel pension assets and increased asset values for the plans held in 2019. Refer to NOTE 9 - PENSIONS AND OTHER POSTRETIREMENT BENEFITS for further detail on the components of net periodic benefit credits (costs) other than service cost component.

Income Taxes

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

	(In Millions, Except Percentages)					
	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Variance	2020	2019	Variance
Income tax benefit (expense)	\$ 22.4	\$ (4.8)	\$ 27.2	\$ 98.5	\$ (23.1)	\$ 121.6
Effective tax rate	110.9 %	5.0 %	105.9 %	38.9 %	9.1 %	29.8 %

The difference in the effective rate and income tax expense from the comparable prior-year periods primarily relates to the mix of income and certain non-deductible transaction related items, as well as discrete items recorded in each period.

Our 2020 estimated annual effective tax rate before discrete items is 35.5%. This estimated annual effective tax rate differs from the U.S. statutory rate of 21% primarily due to the deduction for percentage depletion in excess of cost depletion related to our Mining and Pelletizing segment operations, as well as non-deductible transaction costs, executive officers' compensation, global intangible low-taxed income and income of noncontrolling interests for which no tax is recognized. The 2019 estimated annual effective tax rate before discrete items at September 30, 2019 was 9.6%. The increase in the estimated effective tax rate before discrete items is driven by the change in the mix of income, as well as transaction costs and other acquisition-related charges that were incurred only in 2020.

For the three and nine months ended September 30, 2020, we recorded discrete items that resulted in an income tax benefit of \$5.0 million and \$8.6 million, respectively. The discrete adjustments are primarily related to the release of uncertain tax positions due to favorable resolution of an international audit issue. The discrete adjustments also include interest on uncertain tax positions and the refunds received during the year of amounts sequestered by the Internal Revenue Service on previously filed AMT credit refund claims. For the three and nine months ended September 30, 2019, we recorded discrete items that resulted in an income tax benefit of \$0.5 million and \$1.3 million, respectively.

Results of Operations - Segment Information

Adjusted EBITDA

We evaluate performance on a segment basis, as well as a consolidated basis, based on Adjusted EBITDA, which is a non-GAAP measure. This measure is used by management, investors, lenders and other external users of our financial statements to assess our operating performance and to compare operating performance to other companies in the steel and iron ore industries, although it is not necessarily comparable to similarly titled measures used by other companies. In addition, management believes Adjusted EBITDA is a useful measure to assess the earnings power of the business without the impact of capital structure and can be used to assess our ability to service debt and fund future capital expenditures in the business.

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

	(In Millions)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income (loss)	\$ 1.9	\$ 90.9	\$ (154.8)	\$ 229.6
Less:				
Interest expense, net	(68.2)	(25.4)	(167.9)	(76.8)
Income tax benefit (expense)	22.4	(4.8)	98.5	(23.1)
Depreciation, depletion and amortization	(72.4)	(22.2)	(183.9)	(63.1)
EBITDA	<u>\$ 120.1</u>	<u>\$ 143.3</u>	<u>\$ 98.5</u>	<u>\$ 392.6</u>
Less:				
EBITDA of noncontrolling interests ¹	\$ 16.2	\$ —	\$ 41.3	\$ —
Gain (loss) on extinguishment of debt	—	—	132.6	(18.2)
Severance costs	(2.4)	—	(38.3)	(1.7)
Acquisition-related costs excluding severance costs	(5.1)	—	(30.1)	—
Amortization of inventory step-up	(14.6)	—	(74.0)	—
Impact of discontinued operations	(0.3)	(0.8)	—	(1.2)
Adjusted EBITDA	<u>\$ 126.3</u>	<u>\$ 144.1</u>	<u>\$ 67.0</u>	<u>\$ 413.7</u>

¹ EBITDA of noncontrolling interests includes \$11.9 million and \$31.2 million for income and \$4.3 million and \$10.1 million for depreciation, depletion and amortization for the three and nine months ended September 30, 2020, respectively.

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

	(In Millions)					
	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Change	2020	2019	Change
Adjusted EBITDA:						
Steel and Manufacturing	\$ 33.3	\$ (2.1)	\$ 35.4	\$ (81.8)	\$ (4.0)	\$ (77.8)
Mining and Pelletizing	145.3	182.7	(37.4)	309.5	510.7	(201.2)
Corporate and eliminations	(52.3)	(36.5)	(15.8)	(160.7)	(93.0)	(67.7)
Total Adjusted EBITDA	<u>\$ 126.3</u>	<u>\$ 144.1</u>	<u>\$ (17.8)</u>	<u>\$ 67.0</u>	<u>\$ 413.7</u>	<u>\$ (346.7)</u>

Adjusted EBITDA from the Steel and Manufacturing segment for the three months ended September 30, 2020 was positively impacted by pent-up demand from the COVID-19 pandemic, which helped boost automotive production during the third quarter. Despite the positive third quarter results, Adjusted EBITDA for the nine months ended September 30, 2020 was negative as the second quarter of 2020 was unfavorably impacted by decreased customer demand resulting from the COVID-19 pandemic. As a result of the COVID-19 pandemic, we incurred temporary idle related costs resulting from production curtailments of approximately \$39 million and \$149 million for the three and nine months ended September 30, 2020, respectively. Additionally, *Cost of goods sold* as a percentage of *Revenues* for the nine months ended September 30, 2020 was unfavorably impacted by product sales mix primarily due to the COVID-19 pandemic, which resulted in lower sales volumes to automotive customers in the second quarter during the height of the COVID-19 stay-at-home orders and shutdowns.

Adjusted EBITDA from the Mining and Pelletizing segment for the three months ended September 30, 2020 decreased \$37.4 million, compared to the prior-year period, primarily due to lower *Revenues* of \$70.3 million, which was partially offset by lower *Cost of goods sold* of \$31.5 million. The lower *Revenues* were driven primarily by a decrease in sales volume of 0.8 million long tons due to reduced customer demand associated with the COVID-19 pandemic, which was partially offset by an increase in the average year-to-date realized product revenue rate, predominantly due to Platts 62% Price and lower index freight rates. The lower *Cost of goods sold* was primarily driven by the decrease in sales volume, which was partially offset by idle costs, excluding idle depreciation, depletion and amortization expense, of \$12 million as a result of the temporary idling of operations in response to reduced customer demand driven by the COVID-19 pandemic.

Adjusted EBITDA from the Mining and Pelletizing segment for the nine months ended September 30, 2020 decreased \$201.2 million, compared to the prior-year period, primarily due to lower *Revenues* of \$256.1 million, which was partially offset by lower *Cost of goods sold* of \$45.7 million. The lower *Revenues* were driven primarily by a decrease in sales volume of 1.7 million long tons and a decrease in the average year-to-date realized product revenue rate, predominantly due to lower Atlantic Basin Pellet Premiums and a decrease in the hot-rolled coil steel price. The lower *Cost of goods sold* was primarily driven by the decrease in sales volume, which was partially offset by idle costs, excluding idle depreciation, depletion and amortization expense, of \$52 million as a result of the temporary idling of operations in response to reduced customer demand driven by the COVID-19 pandemic.

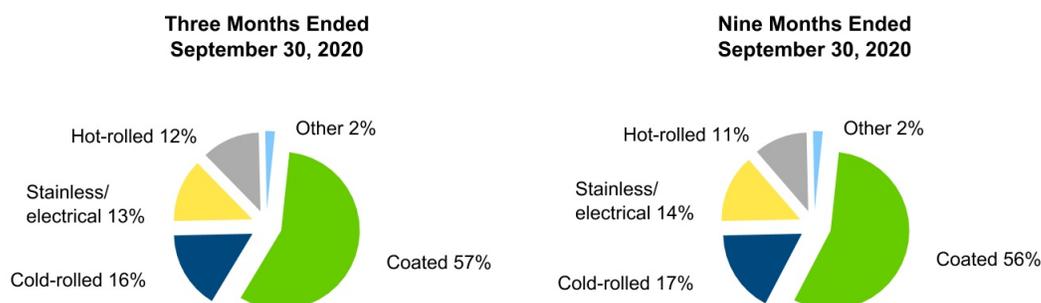
Adjusted EBITDA from Corporate and eliminations for the three months ended September 30, 2020 and 2019 includes intercompany profit eliminations for iron ore sales from the Mining and Pelletizing segment to the Steel and Manufacturing segment of \$28.6 million and \$10.9 million, respectively. Additionally, Adjusted EBITDA from Corporate and eliminations for the three months ended September 30, 2020 and 2019 includes corporate and allocated *Selling, general and administrative expenses* of \$22.9 million and \$24.6 million, respectively.

Adjusted EBITDA from Corporate and eliminations for the nine months ended September 30, 2020 and 2019 includes intercompany profit eliminations for iron ore sales from the Mining and Pelletizing segment to the Steel and Manufacturing segment of \$90.3 million and \$12.5 million, respectively. Additionally, Adjusted EBITDA from Corporate and eliminations for the nine months ended September 30, 2020 and 2019 includes corporate and allocated *Selling, general and administrative expenses* of \$67.6 million and \$77.4 million, respectively.

Steel and Manufacturing

The following is a summary of Steel and Manufacturing segment results included in our consolidated financial results for the three and nine months ended September 30, 2020. These results include the AK Steel operations within our Steel and Manufacturing segment subsequent to March 13, 2020.

Flat-Rolled Steel Shipments by Product Category



The following is a summary of the Steel and Manufacturing segment operating results:

	Three Months Ended September 30, 2020		Nine Months Ended September 30, 2020	
Volumes - In Thousands of Net Tons				
Flat-rolled steel shipments		1,117		1,935
Operating Results - In Millions				
Revenues	\$	1,261.7	\$	2,194.3
Cost of goods sold	\$	(1,239.4)	\$	(2,345.9)
Adjusted EBITDA ¹	\$	33.3	\$	(81.8)
Selling Price - Per Net Ton				
Average net selling price per net ton of flat-rolled steel	\$	1,006	\$	1,021
Revenues Attributable to International Customers				
Revenues to customers outside the United States (In Millions)	\$	125.5	\$	196.4
Revenues to customers outside the United States as a percent of total Steel and Manufacturing revenues		9.9 %		9.0 %

¹ We had negative Adjusted EBITDA for the three and nine months ended September 30, 2019, of \$2.1 million and \$4.0 million, respectively, for costs incurred at our HBI production plant.

The following table presents the percentage of revenues to each of our Steel and Manufacturing markets:

Market	Three Months Ended September 30, 2020		Nine Months Ended September 30, 2020	
Automotive	73	%	64	%
Infrastructure and Manufacturing	16	%	20	%
Distributors and Converters	11	%	16	%

Operating Results

Adjusted EBITDA for the three months ended September 30, 2020 was positive as pent-up demand from the COVID-19 pandemic helped boost automotive production during the quarter. As a result, sales to the automotive market accounted for 73% of *Revenues* during the third quarter. *Cost of goods sold* for the three months ended September 30, 2020 was unfavorably impacted by temporary idle related costs of approximately \$39 million, driven by the lingering effects of temporarily idled facilities in response to lower customer demand due to the COVID-19 pandemic.

Despite a positive third quarter, which showed significant signs of improvement, Adjusted EBITDA for the nine months ended September 30, 2020 was negative as the second quarter was impacted by decreased customer demand resulting from the COVID-19 pandemic. *Cost of goods sold* for the nine months ended September 30, 2020 was unfavorably impacted by idle related costs of approximately \$149 million, driven by the temporary idling of facilities in response to lower customer demand due to the COVID-19 pandemic. Additionally, *Cost of goods sold* as a percentage of *Revenues* was unfavorably impacted by product sales mix primarily due to the COVID-19 pandemic, which resulted in lower sales volumes to our automotive customers in the second quarter during the height of the COVID-19 stay-at-home orders and shutdowns.

Production

During the third quarter, certain of our facilities, which were previously temporarily idled in response to the COVID-19 pandemic, including Dearborn Works, Mansfield Works, all Precision Partners stamping facilities and approximately 65% of AK Tube production, were all restarted and resumed production. Dearborn Works hot strip mill, anneal and temper operations and AK Coal remain permanently idled as part of the permanent cost reduction efforts.

Mining and Pelletizing

The following is a summary of Mining and Pelletizing segment results for the three months ended September 30, 2020 and 2019:

	(In Millions)			
	Three Months Ended September 30,		Change	Percent change
	2020	2019		
Volumes - In Thousands of Long Tons ^{1,2}				
Sales tons	4,907	5,750	(843)	(14.7)%
Production tons	4,560	5,159	(599)	(11.6)%
Operating Results - In Millions ²				
Revenues	\$ 520.3	\$ 590.6	\$ (70.3)	(11.9)%
Cost of goods sold	\$ (393.3)	\$ (424.8)	\$ 31.5	(7.4)%
Adjusted EBITDA	\$ 145.3	\$ 182.7	\$ (37.4)	(20.5)%

¹ Includes Cliffs' 23% share of the Hibbing mine production.

² Includes intercompany sales to our Steel and Manufacturing segment of 1,204 thousand long tons and 346 thousand long tons for the three months ended September 30, 2020 and 2019, respectively.

The following table presents certain operating results on a per ton basis:

<i>Per Ton Information</i>	Three Months Ended September 30,		Change	Percent change
	2020	2019		
Realized product revenue rate ¹	\$ 98.06	\$ 95.65	\$ 2.41	2.5 %
Cash cost of goods sold rate ^{1,2}	\$ 68.25	\$ 63.20	\$ 5.05	8.0 %
Depreciation, depletion & amortization	3.93	3.62	0.31	8.6 %
Total cost of goods sold	\$ 72.18	\$ 66.82	\$ 5.36	8.0 %

¹ Excludes revenues and expenses related to freight, which are offsetting.

² Cash cost of goods sold rate is a non-GAAP financial measure. Refer to "–Non-GAAP Reconciliation" for a reconciliation of this non-GAAP financial measure to the most directly comparable financial measure calculated and presented in accordance with GAAP.

Adjusted EBITDA decreased by \$37.4 million during the three months ended September 30, 2020, compared to the prior-year period, primarily due to the decrease in revenues of \$70.3 million, offset partially by the decrease in cost of goods sold of \$31.5 million, as discussed below.

Revenues decreased by \$68.7 million during the three months ended September 30, 2020, compared to the prior-year period, excluding a decrease in domestic freight of \$1.6 million, driven by:

- Lower sales volume of 0.8 million long tons, primarily due to reduced demand as certain customer blast furnaces remained idled in response to the COVID-19 pandemic, which resulted in decreased revenue of \$80 million.
- This decrease was offset partially by an increase in the average year-to-date realized product revenue rate of \$2.41 per long ton, or 2.5%, during the three months ended September 30, 2020, compared to the prior-year period, which resulted in an increase of \$11 million, predominantly due to:
 - An increase in the Platts 62% Price, which positively affected the realized revenue rate by \$31 million, or \$6 per long ton; and
 - Lower index freight rates, a component in most of our contract pricing formulas, which positively affected the realized revenue rate by \$24 million, or \$5 per long ton.
 - These increases were offset partially by lower Atlantic Basin Pellet Premiums, which negatively affected the realized revenue rate by \$45 million, or \$9 per long ton.

Cost of goods sold decreased \$29.9 million during the three months ended September 30, 2020, excluding the domestic freight decrease of \$1.6 million, compared to the same period in 2019. This is predominantly due to a decrease in sales volume, as discussed above, of 0.8 million long tons, which resulted in decreased costs of \$55 million period-over-period. This was offset partially by idle costs of \$14 million as a result of the temporary idling of operations in response to reduced customer demand driven by the COVID-19 pandemic, that were incurred during the three months ended September 30, 2020.

Production

Production for the three months ended September 30, 2020, decreased 11.6% compared to the same period in 2019, predominantly due to the temporary idling of the Northshore and Hibbing mines in response to the COVID-19 pandemic and resulting decreased customer demand. Both the Northshore and Hibbing mine operations were restarted during the third quarter.

Mining and Pelletizing

The following is a summary of Mining and Pelletizing segment results for the nine months ended September 30, 2020 and 2019:

	(In Millions)			
	Nine Months Ended September 30,		Change	Percent change
	2020	2019		
Volumes - In Thousands of Long Tons ^{1,2}				
Sales tons	11,800	13,527	(1,727)	(12.8)%
Production tons	11,430	14,737	(3,307)	(22.4)%
Operating Results - In Millions ²				
Revenues ³	\$ 1,238.7	\$ 1,494.8	\$ (256.1)	(17.1)%
Cost of goods sold	\$ (987.8)	\$ (1,033.5)	\$ 45.7	(4.4)%
Adjusted EBITDA	\$ 309.5	\$ 510.7	\$ (201.2)	(39.4)%

¹ Includes Cliffs' 23% share of the Hibbing mine production.

² Includes intercompany sales to our Steel and Manufacturing segment of 3,028 thousand long tons and 384 thousand long tons for the nine months ended September 30, 2020 and 2019, respectively.

³ Includes *Realization of deferred revenue* of \$34.6 million for the nine months ended September 30, 2020.

The following table presents certain operating results on a per ton basis:

Per Ton Information	Nine Months Ended September 30,			
	2020	2019	Change	Percent change
Realized product revenue rate ^{1,3}	\$ 96.98	\$ 103.26	\$ (6.28)	(6.1)%
Cash cost of goods sold rate ^{1,2}	\$ 70.87	\$ 64.80	\$ 6.07	9.4%
Depreciation, depletion & amortization	4.85	4.35	0.50	11.5%
Total cost of goods sold	\$ 75.72	\$ 69.15	\$ 6.57	9.5%

¹ Excludes revenues and expenses related to freight, which are offsetting.

² Cash cost of goods sold rate is a non-GAAP financial measure. Refer to "–Non-GAAP Reconciliation" for a reconciliation of this non-GAAP financial measure to the most directly comparable financial measure calculated and presented in accordance with GAAP.

³ Includes *Realization of deferred revenue* of \$34.6 million for the nine months ended September 30, 2020.

Adjusted EBITDA decreased by \$201.2 million during the nine months ended September 30, 2020, compared to the prior-year period, primarily due to the decrease in revenues of \$256.1 million, offset partially by the decrease in cost of goods sold of \$45.7 million, as discussed below.

Revenues decreased by \$252.3 million during the nine months ended September 30, 2020, compared to the prior-year period, excluding a decrease in domestic freight of \$3.8 million, driven by:

- Lower sales volume of 1.7 million long tons, primarily due to reduced demand as customers idled their blast furnaces in response to the COVID-19 pandemic, which resulted in decreased revenue of \$177 million; and
- A decrease in the average year-to-date realized product revenue rate of \$6.28 per long ton, or 6.1%, during the nine months ended September 30, 2020, compared to the prior-year period, which resulted in a decrease of \$76 million, predominantly due to:
 - Lower Atlantic Basin Pellet Premiums, which negatively affected the realized revenue rate by \$11 per long ton, or \$131 million; and
 - A decrease in the hot-rolled coil steel price, which negatively affected the realized revenue rate by \$5 per long ton, or \$59 million.

- These decreases were offset partially by:
 - The *Realization of deferred revenue* of \$35 million, or \$3 per long ton, as a result of the termination of the AK Steel iron ore pellet sales agreement;
 - An increase in the Platts 62% Price, which positively affected the realized revenue rate by \$31 million, or \$3 per long ton; and
 - Lower index freight rates, a component in most of our contract pricing formulas, which positively affected the realized revenue rate by \$25 million, or \$2 per long ton.

Cost of goods sold decreased \$41.9 million during the nine months ended September 30, 2020, excluding the domestic freight decrease of \$3.8 million, compared to the same period in 2019. This is predominantly due to a decrease in sales volume, as discussed above, of 1.7 million long tons, which resulted in decreased costs of \$118 million period-over-period. This was offset partially by idle costs of \$63 million as a result of the temporary idling of operations in response to reduced customer demand driven by the COVID-19 pandemic, that were incurred during the nine months ended September 30, 2020.

Production

Production for the nine months ended September 30, 2020, decreased 22.4% compared to the same period in 2019, predominantly due to the temporary idling of the Tilden, Northshore and Hibbing mines in response to the COVID-19 pandemic and resulting decrease in customer demand.

Liquidity, Cash Flows and Capital Resources

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

Since the onset of the COVID-19 pandemic in the United States, our primary focus has been on maintaining adequate levels of liquidity to manage through a potentially prolonged economic downturn. In alignment with this, we have made several operational adjustments, including facility closures, idles, and extended maintenance outages. Along with the cost savings achieved through these operational adjustments, we have reduced planned capital expenditures for the year, reduced overhead costs and suspended our quarterly dividend payment. Additionally, on April 17, 2020 and April 24, 2020, we issued \$400.0 million aggregate principal amount and an additional \$555.2 million aggregate principal amount, respectively, of 9.875% 2025 Senior Secured Notes to further bolster our liquidity position and reduce debt. We also issued an additional \$120.0 million aggregate principal amount of 6.75% 2026 Senior Secured Notes on June 19, 2020, the net proceeds of which we intend to use to finance construction of our HBI production plant. Pending such use, the net proceeds were used to temporarily reduce the outstanding borrowings under our ABL Facility. We believe these measures will allow us to remain comfortable with our liquidity levels for an extended market downturn related to the COVID-19 pandemic.

Based on our outlook for the next 12 months, which is subject to continued changing demand from customers and volatility in iron ore and domestic steel prices, we expect to have ample liquidity through cash generated from operations and availability under our ABL Facility sufficient to meet the needs of our operations and service our debt obligations, as well as provide the \$505 million of cash required to be paid pursuant to the terms of the Transaction Agreement.

The following discussion summarizes the significant items impacting our cash flows during the nine months ended September 30, 2020 and 2019 as well as expected impacts to our future cash flows over the next 12 months. Refer to the Statements of Unaudited Condensed Consolidated Cash Flows for additional information. Unless otherwise noted, the following discussion refers to our continuing operations on a stand-alone basis without giving effect to the Transaction.

Operating Activities

Net cash used by operating activities was \$53.2 million for the nine months ended September 30, 2020, compared to net cash provided by operating activities of \$388.1 million for the comparable period in 2019. The increase in cash used by operating activities during the first nine months of 2020, compared to 2019, was due primarily to the slowing economy in connection with the COVID-19 pandemic resulting in reduced customer demand and the need to temporarily idle many of our operations, which had an adverse effect on our operating results.

Our U.S. cash and cash equivalents balance at September 30, 2020 was \$36.6 million, or 66% of our consolidated total cash and cash equivalents balance, excluding cash related to our VIE, of \$55.6 million. Additionally, we had a cash balance at September 30, 2020 of \$4.4 million classified as part of *Other current assets* in the Statements of Unaudited Condensed Consolidated Financial Position related to discontinued operations.

Investing Activities

Net cash used by investing activities was \$1,240.2 million and \$449.5 million for the nine months ended September 30, 2020 and 2019, respectively. During the first nine months of 2020, we had net cash outflows of \$869.3 million for the acquisition of AK Steel, net of cash acquired. This includes \$590.0 million to pay off AK Steel Corporation's former revolving credit facility and \$323.6 million to purchase outstanding 7.50% 2023 AK Senior Notes. Additionally, we had capital expenditures including capitalized interest of \$378.9 million and \$460.7 million for the nine months ended September 30, 2020 and 2019, respectively.

During the nine months ended September 30, 2020, we had cash outflows, including deposits and capitalized interest, of approximately \$270 million for development of the HBI production plant. This compares to net cash outflows, including deposits and capitalized interest, during the first nine months of 2019 of approximately \$370 million on development of the HBI production plant and approximately \$40 million on the upgrades at Northshore. Additionally, we spent approximately \$110 million and \$50 million on sustaining capital expenditures during the nine months ended September 30, 2020 and 2019, respectively. Sustaining capital spend includes infrastructure, mobile equipment, fixed equipment, product quality, environment, health and safety.

In response to the COVID-19 pandemic, we temporarily limited our cash used for capital expenditures to critical sustaining capital, but have now resumed growth capital spending, including the restart of Toledo HBI production plant construction in June 2020. The HBI production plant is expected to be completed and begin production in the fourth quarter of 2020. We anticipate total cash used for capital expenditures during the next 12 months to be approximately \$440 million, including capitalized interest.

Financing Activities

Net cash provided by financing activities was \$994.2 million for the nine months ended September 30, 2020, compared to net cash used by financing activities of \$366.9 million for the comparable period in 2019. Cash provided by financing activities for the nine months ended September 30, 2020, primarily related to the issuances of \$845.0 million aggregate principal amount of 6.75% 2026 Senior Secured Notes, \$955.2 million aggregate principal amount of 9.875% 2025 Senior Secured Notes and borrowings of \$800.0 million under the ABL Facility. The net proceeds from the initial issuance of \$725.0 million aggregate principal amount of the 6.75% 2026 Senior Secured Notes, along with cash on hand, were used to purchase \$372.7 million aggregate principal amount of 7.625% 2021 AK Senior Notes and \$367.2 million aggregate principal amount of 7.50% 2023 AK Senior Notes and to pay for the \$44.4 million of debt issuance costs in the first quarter of 2020. The net proceeds from the additional issuance of \$555.2 million aggregate principal amount of the 9.875% 2025 Senior Secured Notes were used to repurchase \$736.4 million aggregate principal amount of our outstanding senior notes. Additionally, during the nine months ended September 30, 2020, we repaid \$400.0 million under the ABL Facility.

Net cash used by financing activities during the first nine months of 2019 primarily related to the repurchase of 24.4 million common shares for \$252.9 million in the aggregate under the \$300.0 million share repurchase program. Additionally, we issued \$750.0 million aggregate principal amount of 5.875% 2027 Senior Notes, which provided net proceeds of approximately \$714 million. The net proceeds from the notes offering, along with cash on hand, were used to redeem in full all of our then-outstanding 4.875% 2021 Senior Notes and to purchase \$600.0 million aggregate principal amount of our outstanding 5.75% 2025 Senior Notes pursuant to a tender offer. In total, during the first nine months of 2019, we purchased \$724.0 million aggregate principal amount of senior notes for \$729.3 million in cash. During the first nine months of 2019, we also made a cash payment of \$44.2 million for the final annual installment related to the distribution of Empire partnership equity.

Additional uses of cash from financing activities during the first nine months of 2020 and 2019, included payments of cash dividends on our common shares of \$40.8 million and \$45.1 million, respectively.

We have temporarily suspended future dividend distributions as a result of the COVID-19 pandemic in order to preserve cash during this time of economic uncertainty. We anticipate future uses of cash and cash provided by financing activities during the next 12 months to include opportunistic debt transactions as part of our liability management strategy, such as the transactions that occurred during the first nine months of 2020, in addition to providing supplemental financing to meet cash requirements for business improvement opportunities.

Capital Resources

The following represents a summary of key liquidity measures:

	(In Millions)
	September 30, 2020
Cash and cash equivalents	\$ 56.0
Cash and cash equivalents from discontinued operations, included within <i>Other current assets</i>	4.4
Less: Cash and cash equivalents from variable interest entities	(0.4)
Total cash and cash equivalents	\$ 60.0
Available borrowing base on ABL Facility ¹	\$ 1,715.2
Borrowings	(400.0)
Letter of credit obligations	(192.2)
Borrowing capacity available	\$ 1,123.0

¹ As of September 30, 2020, the ABL Facility had a maximum borrowing base of \$2.0 billion. The available borrowing base is determined by applying customary advance rates to eligible accounts receivable, inventory and certain mobile equipment.

Our primary sources of funding are cash on hand, which totaled \$60.0 million as of September 30, 2020, cash generated by our business, availability under the ABL Facility and other financing activities. The combination of cash and availability under the ABL Facility gives us \$1,183.0 million in liquidity entering the fourth quarter of 2020, which is expected to be adequate to fund operations, letter of credit obligations, sustaining and expansion capital expenditures and other cash commitments for at least the next 12 months. In connection with the announced Transaction with ArcelorMittal USA, we have received commitments to increase our existing ABL Facility. Upon completion of the Transaction, ArcelorMittal USA inventories and accounts receivable are expected to further increase the Company's proforma combined borrowing base, enhancing availability and overall liquidity.

As of September 30, 2020, we were in compliance with the ABL Facility liquidity requirements and, therefore, the springing financial covenant requiring a minimum fixed charge coverage ratio of 1.0 to 1.0 was not applicable.

Off-Balance Sheet Arrangements

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

Information about our Guarantors and the Issuer of our Guaranteed Securities

The accompanying summarized financial information has been prepared and presented pursuant to SEC Regulation S-X, Rule 3-10, "Financial Statements of Guarantors and Issuers of Guaranteed Securities Registered or Being Registered," and Rule 13-01 "Financial Disclosures about Guarantors and Issuers of Guaranteed Securities and Affiliates Whose Securities Collateralized a Registrant's Securities." Certain of our subsidiaries (the "Guarantor subsidiaries") have fully and unconditionally, and jointly and severally, guaranteed the obligations under (a) the 5.75% 2025 Senior Notes, the 6.375% 2025 Senior Notes, the 5.875% 2027 Senior Notes and the 7.00% 2027 Senior Notes issued by Cleveland-Cliffs Inc. on a senior unsecured basis and (b) the 4.875% 2024 Senior Secured Notes, the 6.75% 2026 Senior Secured Notes and the 9.875% 2025 Senior Secured Notes on a senior secured basis. See NOTE 7 - DEBT AND CREDIT FACILITIES for further information.

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

Each Guarantor subsidiary is consolidated by Cleveland-Cliffs Inc. as of September 30, 2020. Refer to [Exhibit 22.1](#), incorporated herein by reference, for the detailed list of entities included within the obligated group as of September 30, 2020 and December 31, 2019.

The guarantee of a Guarantor subsidiary with respect to Cliffs' 5.75% 2025 Senior Notes, 6.375% 2025 Senior Notes, 5.875% 2027 Senior Notes, 7.00% 2027 Senior Notes, 4.875% 2024 Senior Secured Notes, 6.75% 2026 Senior Secured Notes and 9.875% 2025 Senior Secured Notes will be automatically and unconditionally released and discharged, and such Guarantor subsidiary's obligations under the guarantee and the related indentures (the "Indentures") will be automatically and unconditionally released and discharged, upon the occurrence of any of the following, along with the delivery to the trustee of an officer's certificate and an opinion of counsel, each stating that all conditions precedent provided for in the applicable Indenture relating to the release and discharge of such Guarantor subsidiary's guarantee have been complied with:

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

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

Summarized Combined Financial Information of the Issuer and Guarantor Subsidiaries:

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

	(In Millions)	
	September 30, 2020	December 31, 2019
Current assets	\$ 2,434.3	\$ 891.0
Non-current assets	5,015.8	2,381.8
Current liabilities	(834.5)	(392.9)
Non-current liabilities	(6,099.9)	(2,791.7)

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

	(In Millions)	
	Nine Months Ended	
	September 30, 2020	
Revenues ¹	\$	2,996.7
Cost of goods sold		(3,039.1)
Loss from continuing operations		(184.9)
Net loss		(183.6)
Net loss attributable to Cliffs shareholders		(183.6)

¹ Includes *Realization of deferred revenue* of \$34.6 million for the nine months ended September 30, 2020.

As of September 30, 2020 and December 31, 2019, the obligated group had the following balances with non-Guarantor subsidiaries and other related parties:

	(In Millions)	
	September 30, 2020	December 31, 2019
Balances with non-Guarantor subsidiaries:		
Accounts receivable, net	\$ 18.0	\$ —
Accounts payable	(48.0)	—
Balances with other related parties:		
Accounts receivable, net	\$ 91.6	\$ 31.1
Other current assets	58.5	44.5
Accounts payable	(1.2)	—
Other current liabilities	(1.7)	(2.0)

Additionally, for the nine months ended September 30, 2020, the obligated group had *Revenues* of \$587.5 million and *Cost of goods sold* of \$456.9 million, in each case with other related parties.

Market Risks

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

Pricing Risks

Commodity Price Risk

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

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

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

Our strategy to address volatile natural gas rates, diesel rates and electricity rates includes improving efficiency in energy usage, identifying alternative providers and utilizing the lowest cost alternative fuels. If we are unable to align fixed and variable components between customer pricing contracts and supplier purchasing agreements, we use cash-settled commodity price swaps and options to hedge the market risk associated with the purchase of certain of our raw materials and energy requirements. Additionally, we routinely use these derivative instruments to hedge a portion of our natural gas, electricity and zinc requirements. Our hedging strategy is designed to protect us from excessive pricing volatility. However, since we do not typically hedge 100% of our exposure, abnormal price increases in any of these commodity markets might still negatively affect operating costs. The following table summarizes the impact of a 10% and 25% change in market price from the September 30, 2020 estimated price on our derivative instruments, thereby impacting our pre-tax income by the same amount.

Commodity Derivative	(In Millions)	
	Positive or Negative Effect on Pre-tax Income	
	10% Increase or Decrease	25% Increase or Decrease
Natural gas	\$ 8.2	\$ 20.5
Electricity	2.3	5.8
Zinc	1.1	2.6
Other	0.9	1.9

Additionally, our iron ore pellet revenue is impacted by pricing of iron ore, hot-rolled coil steel and iron ore pellet premiums. World market prices for these commodities have fluctuated historically and are affected by numerous factors beyond our control. The world market price that is most commonly utilized in our iron ore sales contracts is the Platts 62% Price, which can fluctuate widely due to numerous factors, such as global economic growth or contraction, change in demand for steel or changes in availability of supply.

Customer Supply Agreement

A supply agreement with one Mining and Pelletizing customer provides for supplemental revenue or refunds based on the hot-rolled coil steel price at the time the iron ore product is consumed in the customer's blast furnaces. At September 30, 2020, we had derivative assets of \$34.5 million, representing the fair value of the pricing factors, based upon the amount of unconsumed long tons and an estimated average hot-rolled coil steel price for the period in which the iron ore is expected to be consumed in the customer's blast furnaces, subject to final pricing at a future date. We estimate that a \$75 positive or negative change in the hot-rolled coil steel price realized from the September 30, 2020 estimates would cause the fair value of the derivative instrument to increase or decrease by approximately \$22 million, respectively, thereby impacting our consolidated revenues by the same amount. We have not entered into any hedging programs to mitigate the risk of adverse price fluctuations.

Refer to NOTE 12 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES for further information.

Provisional Pricing Arrangements

Certain of our customer supply agreements specify provisional price calculations, where the pricing mechanisms generally are based on market pricing, with the final revenue rate based on market inputs at a specified point in time in the future, per the terms of the supply agreements. At September 30, 2020, we had derivative assets of \$26.9 million and derivative liabilities of \$0.3 million, reflected as part of our revenue, representing the fair value of the provisional price calculations. We estimate that a positive or negative \$10 change in fourth quarter pricing from management's estimate of the Platts 62% Price would cause the fair value of the net derivative instrument position for provisional pricing arrangements to increase or decrease by approximately \$11 million, respectively. Additionally, we

estimate that a positive or negative \$10 change in fourth quarter pricing from management's estimate of the Atlantic Basin Pellet Premium would cause the fair value of the net derivative instrument position for provisional pricing arrangements to increase or decrease by approximately \$8 million, respectively. We have not entered into any hedging programs to mitigate the risk of adverse price fluctuations.

Foreign Currency Exchange Rate Risk

Exchange rate fluctuations affect a portion of Precision Partner's operating costs, reported within the Steel and Manufacturing segment, that are denominated in Canadian dollars, and we use forward currency contracts to reduce our exposure to certain of these currency price fluctuations. At September 30, 2020, we had outstanding option and forward currency contracts with a total contract value of \$29.3 million for the purchase of Canadian dollars. Based on the contracts outstanding at September 30, 2020, a 10% change in the U.S. dollar-to-Canadian dollar exchange rate would result in a pre-tax impact of \$1.5 million on the fair value of these contracts, which would offset the effect of a change in the exchange rate on the underlying operating costs. Refer to NOTE 12 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES for further information.

Valuation of Goodwill and Other Long-Lived Assets

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

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

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

A comparison of each asset group's carrying value to the estimated undiscounted net future cash flows expected to result from the use of the assets, including cost of disposition, is used to determine if an asset is recoverable. Projected future cash flows reflect management's best estimate of economic and market conditions over the projected period, including growth rates in revenues and costs, and estimates of future expected changes in operating margins and capital expenditures. If the carrying value of the asset group is higher than its undiscounted net future cash flows, the asset group is measured at fair value and the difference is recorded as a reduction to the long-lived assets. We estimate fair value using a market approach, an income approach or a cost approach. While we concluded that an event triggering the need for an impairment assessment did not occur during the nine months ended September 30, 2020, a prolonged COVID-19 pandemic could impact the results of operations due to changes to assumptions that would indicate that the carrying value of our asset groups may not be recoverable.

Interest Rate Risk

Interest payable on our senior notes is at fixed rates. Interest payable under our ABL Facility is at a variable rate based upon the applicable base rate plus the applicable base rate margin depending on the excess availability. Additionally, we have outstanding IRBs with fixed and variable rates. As of September 30, 2020, we had \$400.0 million outstanding under the ABL Facility. An increase in prevailing interest rates would increase interest expense and interest paid for any outstanding borrowings from the ABL Facility. For example, a 100 basis point change to interest rates under the ABL Facility at the current borrowing level would result in a change of \$4.1 million to interest expense on an annual basis.

Supply Concentration Risks

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

Forward-Looking Statements

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

- severe financial hardship, bankruptcy, temporary or permanent shutdowns or operational challenges, due to the ongoing COVID-19 pandemic or otherwise, of one or more of our major customers, including customers in the automotive market, key suppliers or contractors, which, among other adverse effects, could lead to reduced demand for our products, increased difficulty collecting receivables, and customers and/or suppliers asserting force majeure or other reasons for not performing their contractual obligations to us;
- uncertainty and weaknesses in global economic conditions, including downward pressure on prices caused by the COVID-19 pandemic, oversupply of imported products, reduced market demand and risks related to U.S. government actions with respect to Section 232, the USMCA and/or other trade agreements, treaties or policies;
- uncertainties associated with the highly competitive and highly cyclical steel industry and reliance on the demand for steel from the automotive industry;
- continued volatility of steel and iron ore prices and other trends, which may impact the price-adjustment calculations under certain of our sales contracts;
- our ability to cost-effectively achieve planned production rates or levels, including at our HBI production plant currently under construction;
- our ability to successfully identify and consummate any strategic investments or development projects, including our HBI production plant;
- the impact of our steelmaking customers reducing their steel production due to the COVID-19 pandemic, or increased market share of steel produced using methods other than those used by our customers, or increased market share of lighter-weight steel alternatives, including aluminum;
- 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 actual economic iron ore reserves or reductions in current mineral estimates, including whether any mineralized material qualifies as a reserve;
- our ability to successfully diversify our product mix and add new customers;

- 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, transportation, environmental liabilities, employee-benefit costs and other risks of the steel and mining industries;
- 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 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 production plant or mine 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, infectious disease outbreaks and other unexpected events;
- adverse changes in interest rates, foreign currency rates and tax laws;
- the potential existence of significant deficiencies or material weakness in our internal control over financial reporting;
- our ability to realize the anticipated benefits of the Merger and to successfully integrate the businesses of AK Steel into our existing businesses, including uncertainties associated with maintaining relationships with customers, vendors and employees, as well as realizing additional future synergies;
- additional debt we assumed or issued in connection with the Merger, as well as additional debt we incurred in connection with enhancing our liquidity during the COVID-19 pandemic, may negatively impact our credit profile and limit our financial flexibility;
- changes in the cost of raw materials and supplies;
- supply chain disruptions or poor quality of raw materials or supplies, including scrap, coal, coke and alloys;
- disruptions in, or failures of, our information technology systems, including those related to cybersecurity;
- unanticipated costs associated with healthcare, pension and OPEB obligations;
- the completion of the Transaction on the anticipated terms and timing or at all, including the receipt of regulatory approvals and anticipated tax treatment;
- our ability to integrate ArcelorMittal USA's businesses and our existing businesses successfully and to achieve anticipated synergies from the Transaction;
- business and management strategies for the maintenance, expansion and growth of the combined company's operations following the consummation of the Transaction;
- potential litigation relating to the Transaction that could be instituted against us or our officers and directors;
- disruptions from the proposed Transaction that have the potential to harm our or ArcelorMittal USA's businesses, including current plans and operations;
- our ability to retain and hire key personnel, including within the ArcelorMittal USA businesses following the completion of the Transaction;
- potential adverse reactions or changes to business relationships resulting from the announcement or completion of the Transaction; and

- additional debt we incur, or other proposed financing transactions we may enter into, in connection with the Transaction may negatively impact our credit profile and limit our financial flexibility.

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

Non-GAAP Reconciliations

We present cash cost of goods sold rate per long ton, which is a non-GAAP financial measure that management uses in evaluating operating performance. We believe our presentation of non-GAAP cash cost of goods sold is useful to investors because it excludes depreciation, depletion and amortization, which are non-cash, and freight, which has no impact on sales margin, thus providing a more accurate view of the cash outflows related to the sale of iron ore. The presentation of this measure is not intended to be considered in isolation from, as a substitute for, or as superior to, the financial information prepared and presented in accordance with GAAP. The presentation of this measure may be different from non-GAAP financial measures used by other companies. Below is a reconciliation in dollars of this non-GAAP financial measure to our Mining and Pelletizing segment cost of goods sold.

	(In Millions)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Cost of goods sold	\$ 393.3	\$ 424.8	\$ 987.8	\$ 1,033.5
Less:				
Freight	39.1	40.6	94.3	98.0
Depreciation, depletion & amortization	19.3	20.8	57.2	58.9
Cash cost of goods sold	<u>\$ 334.9</u>	<u>\$ 363.4</u>	<u>\$ 836.3</u>	<u>\$ 876.6</u>

Refer to "–Results of Operations – Segment Information" above for a reconciliation of the non–GAAP measure, Adjusted EBITDA.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Information regarding our market risk is presented under the caption "Market Risks," which is included in our Annual Report on Form 10-K for the year ended December 31, 2019, and *Part I – Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations* of this Quarterly Report on Form 10-Q.

Item 4. Controls and Procedures

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

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

The Company acquired AK Steel during March 2020. We are currently integrating the processes and internal controls of AK Steel. Except for the AK Steel acquisition, there was no change in the Company's internal control over financial reporting during the quarter ended September 30, 2020 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any material impact to our internal control over financial reporting due to the COVID-19 pandemic. We are continually monitoring and assessing the impact of the COVID-19 pandemic on our internal controls to minimize the impact on their design and operating effectiveness.

PART II - OTHER INFORMATION

Item 1. **Legal Proceedings**

We have described the material pending legal proceedings to which we are a party in our Annual Report on Form 10-K for the year ended December 31, 2019, and in our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2020 and June 30, 2020. Additional information for this item relating to certain environmental and other contingencies may be found in NOTE 18 - COMMITMENTS AND CONTINGENCIES to the consolidated financial statements in *Part I – Item 1. Financial Statements* of this Quarterly Report on Form 10-Q and is incorporated herein by reference.

Item 1A. **Risk Factors**

We caution readers that our business activities involve risks and uncertainties that could cause actual results to differ materially from those currently expected by management. We described the most significant risks that could impact our results in Part II, Item 1A, "Risk Factors" in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020, and the additional risk factors presented below update and supplement that disclosure.

RISKS RELATED TO THE PROPOSED TRANSACTION

The Transaction Agreement may be terminated in accordance with its terms and the Transaction may not be completed.

The Transaction Agreement contains a number of conditions that must be satisfied or waived in order to complete the Transaction. Those conditions include, among others:

- the receipt of required regulatory approvals in the United States, Germany and Austria;
- the absence of any governmental order or law prohibiting the consummation of the Transaction;
- the accuracy of our and ArcelorMittal S.A.'s respective representations and warranties under the Transaction Agreement (subject to the materiality standards set forth in the Transaction Agreement);
- the performance by us and ArcelorMittal S.A. of our respective obligations under the Transaction Agreement in all material respects;
- the receipt of consents and/or waivers under certain joint venture agreements to which ArcelorMittal USA is a party; and
- the absence of a material adverse effect (as described in the Transaction Agreement) on us or ArcelorMittal S.A.

These conditions to the closing of the Transaction may not be fulfilled in a timely manner or at all, and, accordingly, the Transaction may be delayed or may not be completed.

In addition, if the Transaction is not completed by June 28, 2021 (subject to either party being entitled to extend the date by three months (or such other period as the parties may agree in writing) if required antitrust approvals have not yet been obtained or there is an impediment under any antitrust law), either party may choose not to proceed with the Transaction. The parties can mutually decide to terminate the Transaction Agreement at any time.

Failure to complete the Transaction could negatively impact the price of our common shares as well as our future business and financial results.

If the Transaction is not completed for any reason, our business and financial results may be adversely affected, including as follows:

- we may experience negative reactions from the financial markets, including negative impacts on the market price of our common shares;
- the manner in which customers, vendors, business partners and other third parties perceive us may be negatively impacted, which in turn could affect our ability to compete for new business or obtain renewals in the marketplace more broadly;

- we may experience negative reactions from employees, which may adversely affect, among other things, productivity and occupational safety; and
- we will have expended significant time and resources that could otherwise have been spent on our existing businesses and the pursuit of other opportunities that could have been beneficial to us, and our ongoing business and financial results may be adversely affected.

We are subject to business uncertainties while the Transaction is pending, which could adversely affect our business.

Uncertainty about the effect of the Transaction on employees, suppliers and customers may have an adverse effect on us. These uncertainties may impair our ability to attract, retain and motivate key personnel until the Transaction is completed and for a period of time thereafter, and could cause our suppliers, customers and others that deal with us to seek to change their existing business relationships with us.

The Transaction may be less accretive than expected, or may be dilutive, to our earnings per share, which may negatively affect the market price of our common shares.

The Transaction may be less accretive than expected, or may be dilutive, to our earnings per share. Estimates of our earnings per share in the future are based on preliminary estimates that may materially change. In addition, future events and conditions could decrease or delay any accretion, result in dilution or cause greater dilution than is currently expected, including:

- adverse changes in market conditions;
- commodity prices for iron ore and steel;
- production levels;
- operating results;
- competitive conditions;
- laws and regulations affecting the iron ore and steel businesses;
- capital expenditure obligations;
- higher than expected integration costs;
- lower than expected synergies;
- adverse changes to the value or timing of liabilities we would assume in connection with the Transaction; and
- general economic conditions.

Any dilution of, or decrease or delay of any accretion to, our earnings per share could cause the price of our common shares to decline.

Following completion of the proposed Transaction, our debt may limit our financial flexibility.

As of September 30, 2020, we had \$4.5 billion of outstanding indebtedness, including amounts drawn under our ABL Facility. In connection with entering into the Transaction Agreement, we have obtained commitments to increase our ABL Facility. Although the receipt of such financing is not a condition to the closing of the Transaction, the unavailability of such financing could adversely impact the financial condition and liquidity of the combined company.

Any increase in our indebtedness, including any issuance of long-term debt or any additional amounts drawn under our ABL Facility, could have adverse effects on our financial condition and results of operations, including:

- increasing our vulnerability to changing economic, regulatory and industry conditions;
- limiting our ability to compete and our flexibility in planning for, or reacting to, changes in our business and industry;
- limiting our ability to borrow additional funds; and

- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing funds available for working capital, capital expenditures, acquisitions, share repurchases, dividends and other purposes.

In addition, in connection with executing our business strategies following the Transaction, we expect to continue to evaluate the possibility of acquiring additional assets and making further strategic investments, and we may elect to finance these endeavors by incurring additional indebtedness. Our ability to arrange any additional financing for the purposes described above or otherwise will depend on, among other factors, our financial position and performance, as well as prevailing market conditions and other factors beyond our control. We cannot assure you that we will be able to obtain such financing on acceptable terms or at all.

We will assume substantial pension and OPEB liabilities associated with ArcelorMittal USA following the completion of the Transaction, and future funding obligations related to these liabilities could restrict cash available for our operations, capital expenditures or other business purposes, or require us to borrow additional funds.

Following the completion of the proposed Transaction, we will assume substantial funded and unfunded pension and OPEB liabilities related to the employees of ArcelorMittal USA who become employees of the Company as well as certain former employees and/or retirees of ArcelorMittal USA and its predecessor companies. Funding obligations with respect to pension and OPEB plans are affected directly by the value of plan assets, the projected and actual rate of return on plan assets, and the actuarial assumptions used to measure such pension and OPEB plan obligations, including the rate at which future obligations are discounted. Continued volatility in the capital markets may have a further negative impact on the funded status of certain pension and OPEB liabilities associated with ArcelorMittal USA that we will assume following the completion of the proposed Transaction, which may in turn increase attendant funding obligations. Further, changing market or economic conditions, regulatory changes or other factors may require us to make substantial cash contributions to such pension and OPEB plans in the future, preventing the use of cash for other purposes and adversely affecting our liquidity. In the event we are unable to fund these pension and OPEB obligations through cash from operations, we may be required to seek funding from other sources, including through additional borrowings, which could materially increase our outstanding debt or debt service requirements.

We will incur significant transaction costs and other integration-related costs in connection with the Transaction, which may be in excess of those anticipated by us.

We expect to continue to incur a number of non-recurring costs associated with completing the Transaction, transitioning the operations of ArcelorMittal USA from ArcelorMittal S.A. to Cliffs, and achieving anticipated synergies. These fees and costs have been, and will continue to be, substantial. We anticipate that the substantial majority of non-recurring expenses will consist of costs relating to completing the Transaction and include, among others, fees paid to financial, legal and accounting advisors, employee retention costs, severance, change of control and benefit costs, and filing fees.

We also anticipate incurring transaction fees and costs related to formulating and implementing integration plans, including facilities and systems consolidation costs and employment-related costs, as well as reimbursing ArcelorMittal S.A. for certain costs incurred for a period of time after the completion of the Transaction for transition services provided to us with respect to the acquired business. We will continue to assess the magnitude of these costs, and additional unanticipated costs may be incurred in the Transaction and the integration of the two companies' businesses. Although we expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, should allow us to offset integration-related costs over time, this net benefit may not be achieved in the near term or at all. In addition, many of these costs will be borne by us even if the Transaction is not completed.

The Company, ArcelorMittal S.A. or their respective directors and officers may be targets of securities class action and derivative lawsuits that could result in substantial costs and may delay completion of the Transaction.

Securities class action lawsuits and derivative lawsuits are often brought against public companies and their directors and officers when companies enter into agreements for transactions similar to those contemplated by the Transaction Agreement, and such lawsuits may be brought against us, ArcelorMittal S.A. or our respective directors and officers in connection with the Transaction Agreement. Even if the lawsuits are without merit, these claims can result in substantial costs and divert management time and resources. An adverse judgment could result in monetary damages, which could have a negative impact on our liquidity and financial condition. Additionally, if a plaintiff is successful in obtaining an injunction, then that injunction may delay completion of the Transaction, which may

adversely affect our business, financial position and results of operations. Currently, we are not aware of any securities class action lawsuits or derivative lawsuits having been filed in connection with the Transaction.

Even if we complete the proposed Transaction, we may fail to realize all of the anticipated benefits of the Transaction, and our integration of ArcelorMittal USA may not be as successful as anticipated.

The success of the Transaction will depend, in part, on our ability to realize the anticipated benefits and cost savings from combining our businesses with ArcelorMittal USA's businesses. The anticipated benefits and cost savings of the Transaction may not be realized fully or at all, may take longer to realize than expected, may require more non-recurring costs and expenditures to realize than expected or could have other adverse effects that we do not currently foresee. Some of the assumptions that we have made, such as with respect to anticipated operating synergies or the costs associated with realizing such synergies, and significant long-term cash flow generation, may not be realized. In addition, there could be potential unknown liabilities and unforeseen expenses associated with the Transaction and/or ArcelorMittal USA's businesses that were not discovered in the course of performing due diligence.

The Transaction involves numerous operational, strategic, financial, accounting, legal, tax and other functions, systems and management controls that must be integrated. We expect to enter into an intellectual property license agreement, steel supply agreement and transition services agreement with ArcelorMittal S.A. to facilitate our operation of ArcelorMittal USA following the closing of the Transaction. If ArcelorMittal S.A. were unable or unwilling to perform its obligations under these agreements in a timely and efficient manner, or if these agreements were to terminate unexpectedly and we are not able to enter into replacement arrangements on acceptable terms or at all, then our integration of ArcelorMittal USA may take longer and be more costly than anticipated.

In addition, we are still in the process of integrating AK Steel's businesses with our historical businesses, and if the Transaction is completed as planned, we will begin the process of integrating ArcelorMittal USA's businesses, as well. The process of concurrently integrating both AK Steel's and ArcelorMittal USA's businesses with our historical businesses may present additional challenges. Difficulties in integrating the companies may result in the combined company performing differently than expected, in operational challenges or in the failure to realize anticipated expense-related efficiencies. Following completion of the Transaction, we may also experience challenges associated with managing the larger, more complex, integrated businesses. The integration process may result in the loss of key employees, the disruption of ongoing businesses, or inconsistencies in standards, controls, procedures and policies.

Following completion of the proposed Transaction, ArcelorMittal S.A. will be a significant shareholder of the Company, which may limit the ability of other shareholders to influence corporate decisions.

Under the Transaction Agreement, we will issue approximately 78 million of our common shares to ArcelorMittal S.A. in connection with the closing of the Transaction. As a result, following completion of the Transaction, ArcelorMittal S.A. will beneficially own approximately 16.4% of our outstanding common shares (based on the number of our outstanding common shares as of October 22, 2020). Although ArcelorMittal S.A. will be subject to certain restrictions and requirements under an Investor Rights Agreement with respect to its ownership and voting of our common shares following the closing of the Transaction, at such a level of beneficial ownership, ArcelorMittal S.A. may be able to exert significant influence over us and actions requiring the approval of our common shareholders.

Following completion of the proposed Transaction, the market price of our common shares may decline in the future as a result of the sale of our common shares held by ArcelorMittal S.A. or our current shareholders.

We will enter into an Investor Rights Agreement with ArcelorMittal S.A. in connection with the closing of the Transaction, which will initially limit ArcelorMittal S.A. and its affiliates' ability to sell our common shares held by them. Specifically, the Investor Rights Agreement will provide that, without our written consent, ArcelorMittal S.A. will not, and will cause its affiliates not to, directly or indirectly, in one or more transactions, sell, assign or otherwise encumber, whether pursuant to a loan, pledge or otherwise, through swap or hedging transactions or otherwise (each, a "Transfer"), (i) any of our common shares for a period ending on the six-month anniversary of the effective date of the Investor Rights Agreement and (ii) 50% or more, in the aggregate, of the number of our common shares held by ArcelorMittal S.A. and its affiliates during the period commencing on the six-month anniversary of the effective date of the Investor Rights Agreement and ending on the first anniversary of the effective date of the Investor Rights Agreement. On and following the one-year anniversary of the effective date of the Investor Rights Agreement, ArcelorMittal S.A. and its affiliates will be permitted to Transfer 100% of our common shares held by them, subject to certain restrictions on Transfers to persons whose beneficial ownership of our common shares following any such Transfer would exceed 5% or 10% of the then-outstanding common shares.

Other shareholders may also seek to sell our common shares held by them following, or in anticipation of, completion of the Transaction. These sales (or the perception that these sales may occur), coupled with the increase in the outstanding number of our common shares, may affect the market for, and the market price of, our common shares in an adverse manner.

The ability to use our pre-Transaction net operating loss (“NOL”) carryforwards and certain other tax attributes to offset future taxable income may be subject to certain limitations.

If a corporation undergoes an “ownership change” within the meaning of Section 382 of the IRC, the corporation’s NOL carryforwards and certain other tax attributes arising before the “ownership change” are subject to limitations after the “ownership change.” An “ownership change” under Section 382 of the IRC generally occurs if one or more shareholders or groups of shareholders who own at least 5% of the corporation’s equity increase their ownership in the aggregate by more than 50 percentage points over their lowest ownership percentage within a rolling period that begins on the later of three years prior to the testing date and the date of the last “ownership change.” If an “ownership change” were to occur, Section 382 of the IRC would impose an annual limit on the amount of pre-ownership change NOL carryforwards and other tax attributes the corporation could use to reduce its taxable income, potentially increasing and accelerating the corporation’s liability for income taxes, and also potentially causing tax attributes to expire unused. The amount of the annual limitation is determined based on a corporation’s value immediately prior to the ownership change.

The Transaction as currently structured is not expected to result in us succeeding to any material amount of ArcelorMittal USA NOLs for U.S. federal and state tax purposes.

As of December 31, 2019, we had U.S. federal NOL carryforwards of approximately \$2.0 billion and state NOL carryforwards of approximately \$1.5 billion. Our ability to utilize the \$2.0 billion U.S. federal NOL carryforwards may be limited if we experience an “ownership change” under Section 382 of the IRC. Similar rules with respect to the \$1.5 billion state NOL carryforwards may apply under state tax laws. The rules for determining whether we will experience an “ownership change” as a result of the Transaction requires a complex analysis that must take into account, among other facts, certain sales of our common shares over which we may have no control. Based on such rules, and certain facts that may require certain assumptions, we do not expect to experience an “ownership change” solely as a result of the Transaction. However, the issuance of our common shares to ArcelorMittal S.A. in the Transaction, in conjunction with other issuances or sales of our common shares (including certain transactions involving our common shares that are outside of our control), could cause us to experience an “ownership change.” Subsequent “ownership changes” may further affect the limitation in future years, and similar rules may also apply under state and foreign tax laws.

Consequently, we may not be able to utilize a material portion of our NOL carryforwards and other tax attributes, which, in addition to increasing our U.S. federal income tax liability, could adversely affect our share price, financial condition, results of operations and cash flows.

Following completion of the proposed Transaction, we may record tangible and intangible assets, including goodwill, that could become impaired and result in material non-cash charges to our results of operations in the future.

The Transaction will be accounted for as an acquisition by us in accordance with GAAP. Under the acquisition method of accounting, the assets of ArcelorMittal USA will be recorded, as of completion of the Transaction, at their respective fair values and added to our assets. Our reported financial condition and results of operations for periods after completion of the Transaction will reflect ArcelorMittal USA balances and results after completion of the Transaction but will not be restated retroactively to reflect the historical financial position or results of operations of ArcelorMittal USA for periods prior to the Transaction.

Under the acquisition method of accounting, the total purchase price will be allocated to ArcelorMittal USA’s tangible assets and identifiable intangible assets based on their fair values as of the date of completion of the Transaction. The excess, if any, of the purchase price over those fair values will be recorded as goodwill. To the extent the value of tangible or intangible assets, including goodwill, becomes impaired, we may be required to incur material non-cash charges relating to such impairment. Our operating results may be significantly impacted from both the impairment and the underlying trends in the business that triggered the impairment.

Completion of the proposed Transaction may trigger change in control or other provisions in certain agreements to which ArcelorMittal USA is a party, including those governing its joint ventures.

The completion of the Transaction may trigger change in control or other provisions in certain agreements to which ArcelorMittal USA is a party and to which the combined company will be subject following the Transaction. These include agreements governing ArcelorMittal USA's joint ventures. If we are unable to obtain consents to the Transaction from the counterparties or negotiate waivers of those provisions, the counterparties may exercise their rights and remedies under the agreements, which may include terminating the agreements, seeking monetary damages, or buying or selling joint venture ownership interests. Even if we are able to obtain consents or negotiate waivers, the counterparties may require consideration for granting such consents or waivers or seek to renegotiate the agreements on terms less favorable to us.

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

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

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares (or Units) Purchased ¹	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
July 1 - 31, 2020	14,148	\$ 5.76	—	\$ —
August 1 - 31, 2020	22,201	\$ 6.76	—	\$ —
September 1 - 30, 2020	758	\$ 5.18	—	\$ —
Total	37,107	\$ 6.34	—	\$ —

¹ All shares were delivered to us to satisfy tax withholding obligations due upon the vesting or payment of stock awards.

Item 4. Mine Safety Disclosures

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

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

Item 5. Other Information

None.

Item 6. Exhibits

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

Exhibit Number	Exhibit
2.1	*Transaction Agreement by and between Cleveland-Cliffs Inc. and ArcelorMittal S.A., dated as of September 28, 2020 (filed herewith).
3.1	Fourth Amended Articles of Incorporation of Cleveland-Cliffs Inc., as filed with the Secretary of State for the State of Ohio on September 25, 2020 (filed as Exhibit 3.2 to Cliffs' Form 8-K on September 28, 2020 and incorporated herein by reference).
22.1	Schedule of the obligated group, including the parent and issuer and the subsidiary guarantors that have guaranteed the obligations under the 4.875% 2024 Senior Secured Notes, the 5.75% 2025 Senior Notes, the 6.375% 2025 Senior Notes, the 6.75% 2026 Senior Secured Notes, the 5.875% 2027 Senior Notes, the 7.00% 2027 Senior Notes and the 9.875% 2025 Senior Secured Notes issued by Cleveland-Cliffs Inc. (filed as Exhibit 22.1 to Cliffs' Form 10-Q for quarterly period ended June 30, 2020 and incorporated herein by reference).
31.1	Certification Pursuant to 15 U.S.C. Section 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, signed and dated by Lourenco Goncalves as of October 23, 2020 (filed herewith).
31.2	Certification Pursuant to 15 U.S.C. Section 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, signed and dated by Keith A. Koci as of October 23, 2020 (filed herewith).
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed and dated by Lourenco Goncalves, Chairman, President and Chief Executive Officer of Cleveland-Cliffs Inc., as of October 23, 2020 (filed herewith).
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed and dated by Keith A. Koci, Executive Vice President, Chief Financial Officer of Cleveland-Cliffs Inc., as of October 23, 2020 (filed herewith).
95	Mine Safety Disclosures (filed herewith).
101	The following financial information from Cleveland-Cliffs Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020 formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Statements of Unaudited Condensed Consolidated Financial Position, (ii) the Statements of Unaudited Condensed Consolidated Operations, (iii) the Statements of Unaudited Condensed Consolidated Comprehensive Income (Loss), (iv) the Statements of Unaudited Condensed Consolidated Cash Flows, (v) the Statements of Unaudited Condensed Consolidated Changes in Equity, and (vi) Notes to the Unaudited Condensed Consolidated Financial Statements.
104	The cover page from this Quarterly Report on Form 10-Q, formatted in Inline XBRL and contained in Exhibit 101.
*	Certain immaterial schedules and exhibits to this exhibit have been omitted pursuant to the provisions of Regulation S-K, Item 601(a)(5). A copy of any of the omitted schedules and exhibits will be furnished to the Securities and Exchange Commission upon request.

SIGNATURES

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

CLEVELAND-CLIFFS INC.

By: /s/ Kimberly A. Floriani

Name: Kimberly A. Floriani

Title: Vice President, Corporate Controller & Chief Accounting Officer

Date: October 23, 2020

TRANSACTION AGREEMENT

by and between

CLEVELAND-CLIFFS INC.

and

ARCELORMITTAL S.A.

Dated as of September 28, 2020

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TRANSACTION AGREEMENT

THIS TRANSACTION AGREEMENT (this "Agreement") is made and entered into as of September 28, 2020 by and between ArcelorMittal S.A., an entity formed under the Laws of Luxembourg ("Seller") and Cleveland-Cliffs Inc., an Ohio corporation ("Buyer"). Each of Seller and Buyer are referred to herein as a "Party" and collectively the "Parties." Unless defined elsewhere within the text of this Agreement, capitalized terms are defined in Article I.

1. Seller is engaged, directly and indirectly through the Target Group, in the Business.

2. Except as otherwise noted herein, Seller owns, directly or indirectly, (i) all of the outstanding equity interests of each member of the Target Group that is not a Target JV and (ii) the outstanding equity interests of each member of the Target Group that is a Target JV as set forth in Schedule 1.1(j) of the Disclosure Schedules (such equity interests owned by Seller in each member of the Target Group, collectively the "Target Securities").

3. On the terms set forth herein, Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, all of the Target Securities on a cash-free, debt-free basis in exchange for the Consideration.

4. On the terms set forth herein, during the Pre-Closing Period, Seller and its Affiliates desire to complete the Internal Restructuring as provided in Section 6.22 of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

**ARTICLE I
DEFINITIONS**

Section 1.1 Definitions. The following terms, as used herein, have the following meanings:

"Accounting Policies" has the meaning given to it in Section 2.5(c).

"Action" or "Actions" means any suit, litigation, legal proceeding, charge, complaint, Claim, action, hearing, administrative enforcement proceeding, or arbitration or other dispute resolution proceeding, in any court or quasi-judicial or administrative agency of any Governmental Entity or before any arbitrators.

"Actual Adjustment Amount" means (i) an amount equal to (a) Final Cash Amount, minus (b) Final Indebtedness Amount, minus (c) Final Transaction Expenses Amount and plus (d) Final Net Working Capital Adjustment Amount minus (ii) an amount equal to (a) the total amount of Closing Date Cash set forth on the Closing Payments Schedule minus (b) the total amount of Closing Date Indebtedness set forth on the Closing Payments Schedule, minus (c) the total amount of Closing Date Transaction Expenses set forth on the Closing Payments Schedule and plus (d) the total amount of the Closing Date Net Working Capital Adjustment Amount set forth on the Closing Payments Schedule.

"Adjusted Retained Employees" has the meaning given to it in Section 6.20(a).

"Affiliate" means, with respect to any Person, any other Person directly or indirectly through one or more intermediaries, controlling, or controlled by, or under direct or indirect common control with, such Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of stock or other equity interest or by Contract or otherwise. Notwithstanding anything to the contrary, no shareholder of Seller shall be deemed to be an Affiliate of Seller solely by reason of being a shareholder of Seller.

"Agreement" has the meaning given to it in the Preamble to this Agreement.

"Allocation Schedule" has the meaning given to it in Section 2.7.

"AM Pension Plan" has the meaning given to it in Section 6.20.

"AML Laws" means all Laws of any jurisdiction applicable to any Target Group Company from time to time primarily regarding anti-money laundering, including Executive Order No. 13224, the PATRIOT Act, the Bank Secrecy Act, the Money Laundering Control Act of 1986 (i.e., 18 USC. §§ 1956 and 1957).

"Annual Financial Statements" has the meaning given to it in Section 6.7(a)(i).

"Anti-Corruption Laws" means the UK Bribery Act 2010, the Foreign Corrupt Practices Act of the United States of America and all similar applicable Laws, that, in each case, are in force and binding and relate to corruption and apply to the Target Group Companies, Seller, or its Subsidiaries.

"Antitrust Authorities" means (i) the United States Federal Trade Commission, the Antitrust Division of the United States Department of Justice, (ii) Governmental Entities with responsibility or jurisdiction oversight for Antitrust Laws in Germany and (iii) Governmental Entities with responsibility or jurisdiction oversight for Antitrust Laws in Austria.

"Antitrust Laws" has the meaning given to it in Section 5.4

"Audited Financial Statements" has the meaning given to it in Section 4.6(a).

"Authorization" or "Authorizations" means any action, approval, authorization, certificate, concession, Consent, declaration, designation, exemption, franchise, grant of authority, license, notification, Order, permission, Permit, ratification, registration or waiver by, with, to, of or from any Governmental Entity or other Person.

"Authorized Representative" means, with respect to any Person, any director, officer or employee of such Person and any agent, consultant, independent contractor, legal, accounting, financial or other advisor or other representative authorized by such Person to represent or act on behalf of such Person.

"Business" means the business of manufacturing light flat rolled, plate and rail steel products primarily for distribution in the United States, including the operation of iron ore mines and pellet plants, coal mines and coke plants, as conducted by the Target Group between December 31, 2018 and the date hereof (assuming for such purposes that the Internal Restructuring is consummated as of the date hereof), unless the context expressly refers to the conduct of the Business following the Closing, in which case "Business" shall refer to such business as conducted by Buyer and its Affiliates (including the Target Group) following the Closing; provided that the Excluded Assets and Activities shall be excluded from the definition of "Business".

"Business Books and Records" has the meaning given to it in Section 6.15(a).

"Business Day" means a day, other than Saturday, Sunday or other day on which the national commercial banks in New York, New York, Luxembourg, Luxembourg and London, United Kingdom are required by law to be closed, except for closures due to the COVID-19 pandemic.

"Business Employee" means any employee providing services to a Target Group Company as of the date of this Agreement, excluding those employees listed on Schedule 1.1(a) of the Disclosure Schedules (such excluded employees, the "Retained Employees").

"Business Employee Plan" means (a) all material "employee benefit plans," as defined in Section 3(3) of ERISA (whether or not subject to ERISA), (b) all other material severance pay, salary continuation, bonus, incentive, equity-based, retirement, pension, retention, change of control, health, medical, dental, disability, accident, life insurance, vacation, relocation, loan, fringe benefit, profit sharing or deferred compensation plans, Contracts, programs, funds, or arrangements of any kind and (c) all other material employee benefit plans, Contracts, programs, funds, or arrangements (whether or not subject to ERISA) and any trust, escrow, or similar agreement related thereto, whether or not funded, in each case (y) in respect of any present or former employees, directors, officers, shareholders, individual consultants, or individual independent contractors of the Target Group or its Subsidiaries that are sponsored or maintained by the Target Group or any ERISA Affiliate or (z) with respect to which the Target Group or its Subsidiaries have made or are required to make payments, transfers, or contributions or have, or may reasonably be expected to have, any Liability.

"Business Guarantee" has the meaning given to it in Section 6.9(a).

"Business IT" means the Information Technology owned by or licensed or leased to any Target Group Company and used in the conduct of the Business.

"Buyer" has the meaning given to it in the Preamble of this Agreement.

"Buyer 401(k) Plans" has the meaning given to it in Section 6.19(d).

"Buyer Closing Certificate" has the meaning given to it in Section 8.2(c).

"Buyer Common Shares" means shares of common stock, par value \$0.125 per share, of Buyer.

"Buyer Convertible Notes" means the 1.5% Convertible Senior Notes due 2025 of Buyer.

"Buyer Data Room" has the meaning given to it in Section 1.2(q).

"Buyer Disclosure Schedule" or "Buyer Disclosure Schedules" means the disclosure schedules of Buyer dated the date hereof and attached to this Agreement.

"Buyer Employee" means any employee providing services to Buyer or its Affiliates as of the date of this Agreement.

"Buyer Financial Statement" has the meaning given to it in Section 5.12.

"Buyer Fundamental Representations" means the representations and warranties contained in Section 5.1 (*Organization, Power, Standing*), Section 5.2 (*Due Authorization*), Section 5.7 (*Brokers*) and Section 5.10 (*Capitalization; Stock Consideration*).

"Buyer Group" has the meaning given to it in Section 10.2.

"Buyer Material Adverse Effect" means any event, change, occurrence, state of facts, condition, development or circumstance that, individually or in the aggregate with all other events, changes, occurrences, states of facts, conditions, developments or circumstances, has had or would reasonably be expected to have a material adverse effect on the business, operations, assets, liabilities, condition (financial or otherwise) or the results of operations of Buyer and its Subsidiaries, taken as a whole, provided that any event, occurrence, state of facts, condition, change, development or circumstance to the extent attributable to, relating to or arising out of, any of the following shall not constitute, and shall not be taken into account in determining whether there has been or will be, a Buyer Material Adverse Effect (i) any changes in the industries in which Buyer and its Subsidiaries operate or in the global or U.S or foreign national or regional economic, financial, regulatory or political or geopolitical conditions or events, including in connection with or as a result of the 2020 U.S. elections, (ii) any changes generally impacting the capital, credit or financial markets or changes in interest or exchange rates, in each case in the U.S. or elsewhere in the world or in any of the markets in which Buyer and its Subsidiaries operate, (iii) any action taken or statement made by Seller or its Affiliates or their respective Authorized Representatives, (iv) the taking of any action or not taking of any action, in each case, as expressly required by this Agreement or taken or omitted to be taken at the express request of Seller or any of its Affiliates or any of their respective Authorized Representatives, (v) any change or proposed change in accounting requirements or principles or any change or proposed change in applicable Laws or the interpretation thereof by a Governmental Entity, (vi) any acts of war (whether or not declared), outbreak or escalation of armed hostilities, cyberattack, sabotage or terrorism or any earthquakes, hurricanes, floods, tornados, natural disasters, pandemics, epidemics or disease outbreaks (including changes, events, occurrences, states of facts, conditions, developments or circumstances resulting from the existence of or any spread of COVID-19 and any future resurgence or evolution or mutation of COVID-19 or related pandemic, epidemic or disease outbreak) or other disasters, (vii) the failure in and of itself by Buyer or any of its Subsidiaries to meet any internal or published projections, estimates or budgets for any period prior to, on or after the date of this Agreement (but excluding herefrom any effect, event, development, occurrence or change underlying such failure to the extent such effect, event, development, occurrence or change would otherwise constitute a Buyer Material Adverse Effect), (viii) the public announcement of this Agreement, the identity of Seller, including, the impact thereof on relationships, contractual or otherwise, with any customers, suppliers, vendors, partners, financing sources, employees or Governmental Entities or (ix) any breach by Seller of this Agreement; provided, further, that an event, occurrence, state of facts, condition, change, development or circumstance in subclauses (i), (ii), (v) and (vi) may be taken into account to the extent that such conditions have a materially disproportionate effect on the business, operations, assets, liabilities, condition (financial or otherwise) or the results of operations of Buyer and its

Subsidiaries, taken as a whole, relative to other similarly situated participants in the industries and markets in which Buyer and its Subsidiaries operate.

"Buyer Preferred Shares" means shares of the Preferred Stock, Class B, without par value, of Buyer designated as the "Series B Participating Redeemable Preferred Stock" whose terms are set forth in the Certificate of Amendment by Directors to the Fourth Amended Articles of Incorporation of Cleveland-Cliffs Inc. in a form substantially similar to that attached hereto as Exhibit F.

"Buyer Reports" has the meaning given to it in Section 5.9(a).

"Buyer Stock Plans" has the meaning given to it in Section 5.10.

"Cash and Cash Equivalents" means any cash, readily marketable securities and other cash equivalent liquid assets calculated in accordance with GAAP .

"Claim" means any claim, demand or assertion by any Person.

"Claim Notice" has the meaning given to it in Section 10.4(a).

"Closing" has the meaning given to it in Section 2.6(a).

"Closing Cash Payment Amount" means an amount equal to (a) \$505,000,000, *minus* (b) the total amount of Closing Date Indebtedness set forth on the Closing Payments Schedule, *minus* (c) the total amount of Closing Date Transaction Expenses set forth on the Closing Payments Schedule *plus* (d) the total amount of Closing Date Cash set forth on the Closing Payments Schedule, *plus* (e) the total amount of the Closing Date Net Working Capital Adjustment Amount set forth on the Closing Payments Schedule.

"Closing Conditions" has the meaning given to it in Section 2.6(a).

"Closing Date" means the date on which the Closing actually occurs.

"Closing Date Cash" means all Cash and Cash Equivalents of the Target Group (other than the Target JVs) as of the Effective Time as finally determined in accordance with Section 2.5(d).

"Closing Date Indebtedness" means all Indebtedness of the Target Group (other than the Target JVs) as of the Effective Time (including any Indebtedness between the Target Group, on one hand, and Seller or any of its Affiliates, on the other hand, that is not terminated as of and after giving effect to the Closing) as finally determined in accordance with Section 2.5(d).

"Closing Date Net Working Capital" means the aggregate of the Net Working Capital of the Target Group (other than the Target JVs to the extent such Target JV was not included in the corresponding calculations in the Financial Statements) as at the Effective Time as finally determined in accordance with Section 2.5(d).

"Closing Date Net Working Capital Adjustment Amount" means the Net Working Capital Adjustment Amount as at the Effective Time as finally determined in accordance with Section 2.5(d).

"Closing Date Transaction Expenses" means all Transaction Expenses of the Target Group as of the Effective Time as finally determined in accordance with Section 2.5(d).

"Closing Payments Schedule" has the meaning given to it in Section 2.3(a).

"Closing Statement" has the meaning given to it in Section 2.5(b).

“Code” means the United States Internal Revenue Code of 1986, as amended, and any regulations promulgated by the United States Treasury Department thereunder (such regulations, “Treasury Regulations”).

“Common Share Consideration” has the meaning given to it in Section 2.2(b).

“Company Employee” has the meaning given to it in Section 6.19(a).

“Competing Transaction” has the meaning given to it in Section 6.20.

“Confidential Information” means, with respect to any Person, any confidential or proprietary information concerning the businesses and affairs of such Person, including any trade secrets or confidential business or technical information of such Person or its products, customers, licensees, suppliers or development or alliance partners or vendors; provided, however, that such Confidential Information shall not include information that (i) has become generally available and publicly known through no wrongful act or breach of any obligation of confidentiality by any of the Parties or any of their Affiliates or any of their respective employees, officers, directors, representatives or agents, or (ii) was approved in writing for release by the Party owning such Confidential Information.

“Confidentiality Agreement” means the Bilateral Confidentiality Agreement, dated June 25, 2020, by and between Buyer and Seller.

“Consent” means any consent, approval, authorization, waiver, clearance, agreement, license, novation, permission, exemption, with or to any Person or under any Law, or the expiration or termination of a waiting period under any Law.

“Consideration” has the meaning given to it in Section 2.2(b).

“Continuation Period” has the meaning given to it in Section 6.19(a).

“Contract” means any contract, agreement (including any confidentiality or nondisclosure agreement), open purchase order (including any purchase order with warranties still in effect), lease (whether for real or personal property), sublease, license, sublicense, mortgage, deed, conveyance to secure debt, indenture, bond, note, loan, letter of credit, option, warranty, covenant not to compete, guaranty, or bid, in each case written or oral and to the extent legally binding.

“Controlling Party” has the meaning given to it in Section 10.4(b).

“Debt Financing” means the asset-based revolving credit facility of Buyer and its Subsidiaries provided under that certain Asset-Based Revolving Credit Agreement, dated as of March 27, 2020 (as amended, restated, supplemented, renewed, replaced, refinanced or otherwise modified from time to time), among Buyer, the lenders from time to time party thereto and Bank of America, N.A., as administrative agent.

“Debt Financing Sources” means agents, arrangers, lenders and other entities providing the Debt Financing.

“Deductible” has the meaning given to it in Section 10.6(a).

“DeMinimis Item” and “DeMinimis Items” have the meanings given to them in Section 10.6(a).

“Direct Claim” has the meaning given to it in Section 10.4(d).

“Disclosure Schedule” or “Disclosure Schedules” means the disclosure schedules of Seller dated the date hereof and attached to this Agreement.

“Disputed Calculations” has the meaning to it in Section 6.20(d).

“Disputed Items” has the meaning given to in Section 2.5(d)(i).

“Effective Time” means 12:01 a.m. Eastern Time on the Closing Date.

“Environmental Law” or “Environmental Laws” means all Laws, Orders or Environmental Permits relating to human health or safety (solely to the extent relating to environmental exposure to Hazardous Materials), pollution or the protection or cleanup of the environment, Releases, threats of Releases or the manufacture, generation processing, distribution, use, treatment, storage, transport, handling or presence, management, production, importation, exportation, sale, distribution, labelling, recycling, processing, testing, control or clean-up of Hazardous Materials.

“Environmental Permit” or “Environmental Permits” means Permits required to comply with applicable Environmental Laws.

“ERISA” means the Employee Retirement Income Security Act of 1974.

“ERISA Affiliate” means, as to the applicable Person, any trade or business (whether or not incorporated) (i) under common control within the meaning of Section 4001(b)(1) of ERISA or (ii) treated as a single employer under Code Section 414(t) together with such Person.

“Excluded Assets and Activities” means (i) any facilities, assets and personnel related to research and development activities (including the North West Indiana research center located in East Chicago, IN), (ii) Overhead and Shared Services, (iii) the Retained Employees, (iv) the Retained Companies, (v) the Retained Office Spaces and (vi) the Retained Other Assets.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, together with the rules, regulations, schedules and forms thereunder.

“Export Approvals” has the meaning given to it in Section 4.24(a).

“Export Control and Import Laws” has the meaning given to it in Section 4.24(a).

“Family Member” means, with respect to any natural Person, (a) any lineal descendant (by birth or adoption) of any grandparent of such natural Person; (b) any Person currently or previously married to such natural Person or to any other Person described in clause (a); (c) any Affiliate of, or any trust established for the benefit of, such natural Person or any other Person described in clause (a) or (b); and (d) any executor or administrator of the estate of such natural Person or of any other Person described in clause (a) or (b).

“Final Cash Amount” has the meaning given to it in Section 2.5(d)(vi).

“Final Cash Purchase Price” has the meaning given to it in Section 2.2(a).

“Final Indebtedness Amount” has the meaning given to it in Section 2.5(d)(vi).

“Final Net Working Capital Adjustment Amount” has the meaning given to it in Section 2.5(d)(vi).

“Final Net Working Capital Amount” has the meaning given to it in Section 2.5(d)(vi).

"Final Transaction Expenses Amount" has the meaning given to it in Section 2.5(d)(vi).

"Finance Lease Obligations" has the meaning given to it in Section 4.7(b).

"Financial Assurance" has the meaning given to it in Section 6.9(b).

"Financial Statements" has the meaning given to it in Section 4.6(a).

"Fraud" means, with respect to any Party, fraud by such Party with respect to the making of its representations and warranties expressly set forth in this Agreement with the knowledge that such representation or warranty was actually and materially inaccurate when made with the intent to deceive the other Party and such other Party reasonably relied on such inaccuracy in entering into this Agreement. For the avoidance of doubt, "Fraud" shall not include the doctrines of constructive fraud or equitable fraud.

"Fundamental Representations" means the representations and warranties contained in Section 3.1 (Organization, Power, Standing), Section 3.2 (Due Authorization), Section 3.4 (Ownership and Title to Target Securities), Section 3.6 (Brokers), Section 4.1 (Due Authorization) and Section 4.4 (Capitalization; Title; Equity; Investments), Section 4.5(a) (No Conflicts) and the first sentence of Section 4.10 (Real Property).

"GAAP" means generally accepted accounting principles of the United States of America as in effect from time to time.

"Governmental Authorization" or "Governmental Authorizations" means any Authorization issued, granted or given by or under the authority of any Governmental Entity or pursuant to any Law.

"Governmental Entity" or "Governmental Entities" means any (i) national (ii) federal, state, local, municipal, foreign, or other government, (iii) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal), or (iv) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or Taxing Authority.

"Hazardous Material" or "Hazardous Materials" means any (i) chemical, material or substance defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "acutely hazardous waste," "radioactive waste," "biohazardous waste," "pollutant," "toxic pollutant," "contaminant," "restricted hazardous waste," "infectious waste," "toxic substances" or any other term or expression intended to define, list, regulate or classify substances by reason of properties harmful to health, safety or the indoor or outdoor environment (including harmful properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, "TCLP toxicity" or "EP toxicity" or words of similar import) as defined in, the subject of, or that could give rise to Liability under, any Environmental Law, (ii) oil, petroleum, petroleum fraction, petroleum additive (including methyl tertiary butyl ether) or petroleum derived substance, (iii) flammable substances or explosives, (iv) radioactive materials, (v) asbestos or asbestos-containing materials, (vi) urea formaldehyde foam insulation, (vii) polychlorinated biphenyls, (viii) per- and polyfluoroalkyl substances and (ix) lead-based paint, including, in each case, any mixture or solution thereof.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

"I/N JVs" means the Kote JV and the Tek JV.

"I/N Post-Closing Period" has the meaning given to it in Section 6.27(a).

"IFRS" means the International Financial Reporting Standards, as in effect on the relevant time and only as applied to the ArcelorMittal Princeton properties.

"Indebtedness" means, with respect to the Target Group, without duplication, (a) all obligations for borrowed money, including the principal, accreted value, accrued and unpaid interest, unpaid fees or expenses and other monetary obligations of the Target Group with respect thereto or other interest-bearing indebtedness, whether current or funded, secured or unsecured, and including any obligations outstanding under Seller's forfaiting arrangement, which includes bills of exchange entered into by a Target Group Company or with respect to which a Target Group Company is the drawee, in each case, entered into in connection with the delivery of products to the Target Group, (b) all obligations evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of the Target Group in respect of letters of credit, bankers' acceptances or similar credit transactions to the extent drawn and unpaid, (d) any fees, costs and expenses (net of any gain) of terminating, unwinding or replacing any forex or interest rate hedges or similar derivative arrangements in respect of other Indebtedness that will be redeemed or repaid at Closing, (e) amounts owing as deferred or contingent purchase price for property or services and (f) any fees, accrued interest, prepayment premiums, penalties or other amounts payable related to any of the foregoing; provided that "Indebtedness" shall not include (w) any Finance Lease Obligations, (x) any obligations of the type described in the foregoing to the extent such obligation is solely between any Target Group Companies, (y) any pension obligation of the Target Group and (z) any obligation under that certain Amended and Restated General Master Purchase Agreement, originally dated as of June 11, 2013 as amended and restated from time to time, including on June 12, 2020 between, among others ArcelorMittal Treasury, ArcelorMittal USA LLC and Ester Finance Technologies, and any of the Transaction Documents (as defined therein) (the "GMPA"). In no event shall "Indebtedness" be deemed to include any obligation or amounts (i) to the extent incurred by, on behalf of or at the request of, Buyer in connection with any of the Transactions, (ii) for which Seller (and not the Target Group) is liable or (iii) included in Transaction Expenses or Net Working Capital.

"Indemnified Party" has the meaning given to it in Section 10.4(a).

"Indemnifying Party" has the meaning given to it in Section 10.4(a).

"Independent Accountant" has the meaning given to it in Section 2.5(d)(iii).

"Independent Actuary" has the meaning given to it in Section 6.20(d).

"Information Technology" means all information technology systems, storage systems, servers, computers, hardware, firmware, middleware, routers, hubs, switches, firewalls (whether for data, voice, video or other media access, transmission or reception) networks, data communications lines, database and communications networks (other than the Internet) and other communication equipment and apparatus used to store, transmit, exchange or receive information, voice or data, and all other information technology assets and equipment.

"Insolvency and Equity Exceptions" has the meaning given to it in Section 3.2.

"Intellectual Property" means all intellectual property rights anywhere in the world in any of the following: (a) patents, utility models, industrial designs, petty patents, design patents, and applications for any of the foregoing, and all patents issuing, thereon, together with all related reissues, divisions, provisionals, and continuations (in whole or in part) thereof and applications for any of the foregoing, and renewals and extensions therefor (collectively, "Patents"); (b) trademarks, service marks, trade names, brand names, commercial names, trade dress, slogans, logos, certification marks, collective marks, and registrations, renewals, and applications for registration therefor (collectively, "Trademarks"), and the goodwill associated with any of the foregoing; (c) all inventions, whether or not patentable; (d) Software; (e) trade secrets, know-how and rights in proprietary or confidential information ("Trade Secrets"); (f) copyrights, whether in published or unpublished works, including web site content, mask work rights,

and rights in databases and data collections and registrations and applications for registration for any of the foregoing and any renewals or extensions thereof (collectively, "Copyrights"); (g) Internet domain names (collectively, "Domain Names"); and (h) all rights to enforce and to collect damages for past, present and future infringement, misappropriation or other violation of any of the foregoing.

"Interested Shareholder Statute" means Section 1704 of the Ohio Revised Code.

"Interim Financial Statements" has the meaning given to it in Section 4.6(a).

"Internal Restructuring" means the steps to be taken by Seller and its Affiliates as contemplated by Section 6.21.

"Intragroup Agreements" has the meaning given to it in Section 6.10.

"Investor Rights Agreement" means the Investor Rights Agreement to be entered into at Closing in a form substantially similar to that attached hereto as Exhibit A.

"IP Contract" means material Contracts entered into by any Target Group Company (a) pursuant to which such Target Group Company grants any other Person (other than Seller or its Affiliates) a license (or sublicense) or other right to exploit (including through a covenant not to sue with respect to) any rights under any Owned Intellectual Property (other than any non-exclusive licenses granted in the Ordinary Course of Business) and (b) pursuant to which such Target Group Company receives a grant from any other Person (other than Seller or its Affiliates) of a license (or sublicense) or other right to exploit (including through a covenant not to sue with respect to) any rights under any Intellectual Property (other than non-exclusive licenses or sublicenses entered into in the Ordinary Course of Business).

"IRS" means the United States Internal Revenue Service.

"Kote Basic Agreement" has the meaning given to it in Section 6.27(b).

"Kote JV" has the meaning given to it in Section 6.27(a)(i).

"Kote Put" has the meaning given to it in Section 6.27(b).

"Knowledge" means, (A) in the case of Seller, the actual knowledge of the individuals set forth in Schedule 1.1(b) of the Disclosure Schedules after reasonable inquiry and (B) in the case of Buyer, the actual knowledge of the individuals set forth in Schedule 1.1(c) of the Buyer Disclosure Schedules after reasonable inquiry.

"Law" or "Laws" means any federal, state, local or foreign statute, law, common law, injunction, constitution, regulation, code, rule, ordinance, executive order, writ, or decree of any Governmental Entity.

"Leased Real Property" has the meaning given to it in Section 4.10(a).

"Liability" or "Liabilities" means any liability or obligation of whatever kind or nature, whether known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or otherwise, and whether due or to become due, including any liability for Taxes.

"License Agreement" means the License Agreement to be entered into at Closing in a form substantially similar to that attached hereto as Exhibit B.

"Lien" or "Liens" means any mortgage, lien, pledge, charge, Claims, security interest or other encumbrance.

"Litigation Matter 1" has the meaning given to it in Schedule 1.1(d)(i) of the Disclosure Schedules.

"Litigation Matter 2" has the meaning given to it in Schedule 1.1(d)(ii) of the Disclosure Schedules.

"Litigation Party 1" has the meaning given to it in Schedule 1.1(d)(i) of the Disclosure Schedules.

"Loss" or "Losses" means any and all Liabilities, losses, damages, penalties, fine, Taxes, and reasonable and documented out-of-pocket costs and expenses (including reasonable attorneys' or other professional fees and expenses, court costs, other costs of enforcing any rights hereunder), amounts paid in settlement or other reasonable, documented and out-of-pocket cost, expense or adverse effect; provided, however, that Losses shall not include, and no Party shall be liable for, any unforeseen consequential damages or any punitive or exemplary damages other than punitive or exemplary damages paid to a Person who is not a Party (or an Affiliate thereof).

"Lower Target Net Working Capital" means \$570,000,000.

"Major Business Partners" has the meaning given to it in Section 4.21.

"Material Adverse Effect" means any event, change, occurrence, state of facts, condition, development or circumstance that, individually or in the aggregate with all other events, changes, occurrences, states of facts, conditions, developments or circumstances, has had or would reasonably be expected to have a material adverse effect on the business, operations, assets, liabilities, condition (financial or otherwise) or the results of operations of the Target Group, taken as a whole, provided that any event, occurrence, state of facts, condition, change, development or circumstance to the extent attributable to, relating to or arising out of, any of the following shall not constitute, and shall not be taken in to account in determining whether there has been or will be, a Material Adverse Effect (i) any changes generally impacting the industries in which The Target Group operates or in the global, U.S or foreign national or regional economic, financial, regulatory or political or geopolitical conditions or events, including in connection with or as a result of the 2020 U.S. elections, (ii) any changes generally impacting the capital, credit or financial markets or changes in interest or exchange rates, in each case in the U.S. or elsewhere in the world or in any of the markets in which the Target Group operates, (iii) any action taken or statement made by Buyer or its Affiliates or their respective Authorized Representatives (including with respect to Buyer's plans or intentions with respect to the conduct of the Target Group or Business or any portion thereof), (iv) the taking of any action or not taking any action, in each case, as expressly required by this Agreement or taken or omitted to be taken at the express request of Buyer or any of its Affiliates or any of their respective Authorized Representatives, (v) any change or proposed change in accounting requirements or principles or any change or proposed change in applicable Laws or the interpretation thereof by a Governmental Entity, (vi) any acts of war (whether or not declared), outbreak or escalation of armed hostilities, cyberattack, sabotage or terrorism or any earthquakes, hurricanes, floods, tornados, natural disasters, pandemics, epidemics or disease outbreaks (including event, occurrence, state of facts, condition, change, development or circumstance resulting from the existence of or any spread of COVID-19 and any future resurgence or evolution or mutation of COVID-19 or related pandemic, epidemic or disease outbreak) or other disasters, (vii) the failure in and of itself by any Target Group Company to meet any internal or published projections, estimates or budgets for any period prior to, on or after the date of this Agreement (but excluding herefrom any effect, event, development, occurrence or change underlying such failure to the extent such effect, event, development, occurrence or change would otherwise constitute a Material Adverse Effect), (viii) the public announcement of this Agreement, the identity of Buyer, including, the impact thereof on relationships, contractual or otherwise, with any customers, suppliers, vendors, partners, financing sources, employees or Governmental Entities or (ix) any breach by Buyer of this Agreement, provided, further, that an event, occurrence, state of facts, condition, change, development or circumstance in subclauses (i), (ii), (v) and (vi), may be taken into account to the extent that such conditions have a materially disproportionate effect on the business, operations, assets, liabilities, condition (financial or otherwise) or the results of

operations of the Target Group, taken as a whole, relative to other similarly situated participants in the industries and markets in which the Target Group operates.

“Material Contract” or “Material Contracts” means the following Contracts to which a Target Group Company is a Party:

(a) any supply Contract involving payment by the Target Group of more than \$50,000,000 for the twelve-month period ended December 31, 2019 and that cannot be terminated within 60 days after giving notice of termination without resulting in any material cost or material penalty to the Target Group, (b) any customer Contract involving receipt of amounts by the Target Group of more than \$100,000,000 for the twelve-month period ended December 31, 2019 and that cannot be terminated within 90 days after giving notice of termination without resulting in any material cost or material penalty to the Target Group, (c) any Contract relating to Indebtedness, including any Contract for the borrowing of money in excess of \$100,000,000 (d) any Contract to guarantee any Indebtedness in excess of \$100,000,000, (e) any Contract to make any equity investment in any other Person (other than a Target Group Company), (f) any Contract between Seller or an Affiliate of Seller (other than any Target Group Company) and a Target Group Company that will not be terminated prior to Closing; (g) any Contract providing for a joint venture, partnership, teaming agreement, or similar Contract or any agreement involving a sharing of profits, Losses, costs, or Liabilities by any Target Group Company with any other Person, (h) collective bargaining agreements covering any Business Employee, (i) any Contract that contains covenants that by their express terms purport to materially restrict, limit or prohibit the ability of the Target Group to engage in any line of business or to compete with any Person or to conduct business in any part of the world, (j) any IP Contract, (k) any Contract in respect of which the consequences of a default or termination would reasonably be expected to have a Material Adverse Effect, (l) any Contract of indemnification or similar commitment with respect to which the potential aggregate obligation of the Target Group following the Closing is in excess of \$10,000,000, (m) any Contract with a Governmental Entity and (n) any amendment, supplement, and modification (whether oral or written) in respect of any of the foregoing.

“Most Recent Balance Sheet” has the meaning given to it in Section 4.6(a).

“Multiemployer Plan” has the meaning given to it in Section 4.17(c).

“Net Working Capital” means the aggregate of the net working capital of the Target Group as of the Effective Time, calculated in accordance with the “Net Working Capital Measurement Principles” set forth in Exhibit E (which also includes a sample calculation thereof) and as determined in accordance with Section 2.5. In no event shall “Net Working Capital” be deemed to include any amounts (x) to the extent incurred by, on behalf of, or at the request of, Buyer in connection with any of the Transactions, (y) for which Seller or any of its Affiliates (and not the Target Group) is liable, or (z) included in Transaction Expenses or Indebtedness.

“Net Working Capital Adjustment Amount” means (i) if the Net Working Capital is greater than the Upper Target Net Working Capital, the Net Working Capital less the Upper Target Net Working Capital or (ii) if the Net Working Capital is less than the Lower Target Net Working Capital, the Net Working Capital less the Lower Target Net Working Capital. For the avoidance of doubt, (i) the Net Working Capital Adjustment Amount shall be a negative number if the Net Working Capital is less than the Lower Target Net Working Capital and (ii) the Net Working Capital Adjustment Amount shall equal zero (0) if the Net Working Capital is greater than or equal to the Lower Target Net Working Capital and less than or equal to the Upper Target Net Working Capital.

“Net Working Capital Measurement Principles” has the meaning given to it in the definition of Net Working Capital in this Agreement.

“New Plans” has the meaning given to it in Section 6.19(c).

"Non-controlling Party" has the meaning given to it in Section 10.4(b).

"Non-Recourse Parties" has the meaning given to it in Section 11.12.

"Notice of Objection" has the meaning given to it in Section 2.5(d)(i).

"NSC" has the meaning given to it in Section 6.27(a).

"NS Kote" has the meaning given to it in Section 6.27(b).

"NYSE" means the New York Stock Exchange.

"Occupational Safety and Health Regulations" means the Occupational Safety and Health Act, 29 U.S.C. §§ 651 et seq., and any rules or regulations promulgated thereunder, including as delegated to any local, state, or other Governmental Entity, or other worker safety regulations and requirements promulgated by any other Governmental Entity (including the U.S. Mine Safety and Health Administration).

"Old Plans" has the meaning given to it in Section 6.19(c).

"Order" or "Orders" means any decree (including a consent decree), injunction, judgment, order, ruling, writ, assessment or arbitration award that is issued by a Governmental Entity, arbitrator or arbitral body, commission or self-regulatory organization whether arising from an Action or Law.

"Ordinary Course of Business" means the ordinary course of business consistent with past practice of the Business.

"Outside Date" has the meaning given to it in Section 9.1(b).

"Overhead and Shared Services" means the ancillary, corporate shared or other services or processes that are provided to or used in both (i) any Target Group Company and (ii) other businesses of Seller and its Affiliates.

"Owned Intellectual Property" means any Intellectual Property owned by the Target Group as of the Closing Date.

"Owned Real Property" has the meaning given to it in Section 4.10(a).

"Party" has the meaning given to it in the Preamble of this Agreement.

"PBGC" has the meaning given to it in Section 4.17(d).

"Pension Data" has the meaning given to it in Section 4.7(c).

"Permits" means any licenses, permits, franchises, approvals, clearances, registrations, certificates (including certificates of occupancy), authorizations obtained from a Governmental Entity.

"Permitted Liens" means (a) with respect to the assets of the Target Group, (i) Liens for Taxes not yet due or being contested in good faith by appropriate procedures, in either case, for which adequate accruals or reserves in accordance with GAAP or IFRS, as the case may be, exist on the Target Group's books, (ii) zoning, entitlement, building codes, or other land use Laws or similar restrictions, (iii) pledges or deposits in connection with workers' compensation, unemployment insurance, and other social security legislation, (iv) easements, rights of way, restrictions, declarations, covenants, conditions, defects, exceptions and other similar encumbrances affecting property or asset which do not materially detract

from the value of such property or asset or materially interfere with any present use of such property or assets, (v) mechanics', carriers', workers', repairers' and similar like Liens arising or incurred in the Ordinary Course of Business and not securing any past due amounts that are material, either individually or in the aggregate, (vi) Liens listed on [Schedule 1.1\(e\)](#) of the Disclosure Schedule, (vii) Liens arising under this Agreement or any of the other Transaction Documents, (viii) Liens created by or through Buyer, (ix) pledges and deposits to secure the performance of bids, trade contracts, leases, surety and appeal bonds, performance bonds and other obligations of a similar nature, in each case in the Ordinary Course of Business, (x) Liens on any estate superior to the interest of Buyer, Seller or any of their respective Affiliates in any leased realty and (xi) non-exclusive licenses, sublicenses, or other similar agreement granted in the Ordinary Course of Business, (b) with respect to the Target Securities, all transfer restrictions and other encumbrances created by this Agreement or otherwise imposed by any applicable securities Laws and (c) any other Liens that will be released on or prior to the Closing Date.

"[Person](#)" means an individual, a corporation, a general or limited partnership, a limited liability company, a joint venture, an association, an estate, a trust or other entity or organization, including a Governmental Entity.

"[Post-Closing Tax Period](#)" means any tax period (or portion thereof) beginning after the Closing Date.

"[Pre-Closing Interim Financial Statements](#)" has the meaning given to it in [Section 6.7\(a\)\(i\)](#).

"[Pre-Closing Period](#)" has the meaning given to it in [Section 6.1\(a\)](#).

"[Pre-Closing Straddle Period](#)" means the portion of any Straddle Period of a Target Group member that ends on the Closing Date.

"[Pre-Closing Tax Period](#)" means any taxable period (including any Pre-Closing Straddle Period) that ends on or before the Closing Date.

"[Pre-Closing Tax Return](#)" has the meaning given to it in [Section 7.1\(a\)](#).

"[Pre-Closing Taxes](#)" means any Taxes imposed on, asserted against or payable with respect to, any member of the Target Group or for which a member of the Target Group may be liable (a) that is properly allocable to any Pre-Closing Tax Period (including any Taxes resulting from the Internal Restructuring as described in [Schedule 6.22](#) of the Disclosure Schedules), (b) notwithstanding any other provision of this Agreement, any Taxes imposed on, asserted against or payable with respect to, a member of the Target Group, or for which a Target Group member may be liable, as a result of the consummation of the Closing and (c) any and all Taxes of any Seller; for the avoidance of doubt, in cases where a Target Group Company is a member of a JV, or a partner in a partnership, Pre-Closing Taxes shall include only that portion of JV or partnership taxes properly allocable to such member of the Target Group, provided that Pre-Closing Taxes shall not include the employer portion of any payroll Taxes the due date for the payment of which has been deferred until after the Closing Date under Section 2302 of the Coronavirus Aid, Relief and Economic Security Act of 2020, or other similar subsequent law.

"[Preferred Share Consideration](#)" has the meaning given to it in [Section 2.2\(b\)](#).

"[Public Software](#)" means any Software that is distributed as freeware, shareware, open source Software (e.g., Linux) or similar licensing or distribution models that (a) require the licensing or distribution of source code to licensees, (b) prohibit or limit the receipt of consideration in connection with sublicensing or distributing any Software, or (c) require the licensing of any Software to any other Person for the purpose of making derivative works. For the avoidance of doubt, "Public Software" includes Software licensed or distributed under any of the following licenses or distribution models (or licenses or distribution models similar thereto): (i) GNU's General Public License (GPL) or Lesser/Library GPL

(LGPL); (ii) the Artistic License (e.g., PERL); (iii) the Mozilla Public License; (iv) the Netscape Public License; (v) the Sun Community Source License (SCSL); (vi) the Sun Industry Standards License (SISL); (vii) the BSD License; (viii) Red Hat Linux; (ix) the Apache License; and (x) any other license or distribution model described by the Open Source Initiative as set forth on www.opensource.org.

“Purchase Price Increase” has the meaning given to it in [Section 2.5\(e\)\(i\)](#).

“Purchase Price Reduction” has the meaning given to it in [Section 2.5\(e\)\(i\)](#).

“Put Notice” has the meaning given to it in [Section 6.27\(b\)](#).

“Real Property” or “Real Properties” has the meaning given to it in [Section 4.10\(a\)](#).

“Real Property Lease” has the meaning given to it in [Section 4.10\(d\)](#).

“Registered Intellectual Property” has the meaning given to it in [Section 4.13\(a\)](#).

“Release” or “Releases” means any spilling, emitting, discharging, leaking, pumping, pouring, dumping, injecting, depositing, disposing, dispersing, leaching or migrating of any Hazardous Material into the environment (including, without limitation, indoor or ambient air, surface water, groundwater, drinking water, soil, stream sediments, soil gas and surface or subsurface strata or within any building).

“Resolution Period” has the meaning given to it in [Section 2.5\(d\)\(iii\)](#).

“Restriction Period” has the meaning given to it in [Section 6.16\(a\)](#).

“Retained Agreement” means (i) any agreement between the Target Group or its Subsidiaries and an employee that provides for any transaction bonus or retention payments in the event that the employee remains employed with Seller or its Subsidiaries or Affiliates immediately after the Closing, including but not limited to the agreements listed on [Schedule 1.1\(f\)\(i\)](#) of the Disclosure Schedules, (ii) the agreements listed on [Schedule 1.1\(f\)\(ii\)](#) of the Disclosure Schedules and (iii) any other individual agreement with a Retained Employee.

“Retained Company” means each of (i) ArcelorMittal USA de Mexico, S.A. de C.V., (ii) IGS Steel Mexico, S.A. de C.V., and (iii) ArcelorMittal Employment Services Inc.

“Retained Employee Pension Amount” has the meaning given to it in [Section 6.20\(b\)](#).

“Retained Office Spaces” means the office spaces used by the Retained Employees as set forth on [Schedule 1.1\(g\)](#) of the Disclosure Schedules, the lease for which will be assigned to an Affiliate of the Target Group or Buyer will sublease such office space to an Affiliate of the Target Group, in each case, prior to the Closing and through the Transition Services Agreement or a real estate license agreement to be mutually agreed by the Parties.

“Retained Other Assets” means the assets listed on [Schedule 1.1\(h\)](#) of the Disclosure Schedules.

“Review Period” has the meaning given to it in [Section 2.5\(d\)\(i\)](#).

“Rules” has the meaning given to it in [Section 4.20\(b\)](#).

“Sanctioned Country” means, at any time, a country or territory which is, or whose government is, the subject or target of any Sanctions broadly restricting or prohibiting dealings with such country, territory or government (currently, Iran, Syria, Cuba, North Korea and the Crimea region of the Ukraine).

"Sanctioned Person" means, at any time, any Person with whom dealings are restricted or prohibited under Sanctions, including (a) any Person listed in any Sanctions related list of designated Persons maintained by the United States (including by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, or the U.S. Department of Commerce), the United Nations Security Council, the European Union or any of its member states, Her Majesty's Treasury or Switzerland, (b) any Person organized under the laws or a resident of, or any Governmental Entity or governmental instrumentality of, a Sanctioned Country, or (c) any Person with whom dealings are restricted or prohibited by Sanctions as a result of a relationship of ownership or control with a Person listed in in clauses (a) or (b) hereof.

"Sanctions" means economic or financial sanctions or trade embargoes or restrictive measures enacted, imposed, administered or enforced from time to time by (i) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, or the U.S. Department of Commerce, (ii) the United Nations Security Council, (iii) the European Union or any of its member states, (iv) Her Majesty's Treasury and (v) Switzerland.

"Sarbanes-Oxley Act" means the Sarbanes-Oxley Act of 2002, as amended, and the rules and regulations promulgated thereunder.

"SEC Documents" has the meaning given to it in [Section 5.12](#).

"Section 338 Election" has the meaning given to it in [Section 6.23\(a\)](#).

"Securities Act" means the Securities Act of 1933, as amended, together with the rules, regulations, schedules and forms thereunder.

"Seller" has the meaning given to it in the Preamble to this Agreement.

"Seller Closing Certificate" has the meaning given to it in [Section 8.3\(d\)](#).

"Seller Counsel" has the meaning given to it in [Section 11.14](#).

"Seller Data Room" has the meaning given to it in [Section 1.2\(p\)](#).

"Seller Group" has the meaning given to it in [Section 10.3](#).

"Seller Material Adverse Effect" means any material adverse effect on the ability of Seller to consummate the Transactions.

"Seller Pension Plan" has the meaning given to it in [Section 6.20\(a\)](#).

"Share Consideration" has the meaning given to it in [Section 2.2\(b\)](#).

"Software" means all computer software, programs, and applications (in both object code and source code form).

"Straddle Period" means any taxable period that includes (but does not end on) the Closing Date.

"Straddle Period Tax Return" is any Tax Return of a Target Group Company, or with respect to the income or assets of a Target Group Company, for a Straddle Period.

"Subsequent Financial Statements" has the meaning given to it in [Section 6.3](#).

"Subsidiary" means, when used with respect to any Person, any corporation, partnership, limited liability company or other organization, whether incorporated or unincorporated, of which (a) such Person or any of its Subsidiaries is a general partner or holds 50% or more of the voting interests of a partnership or (b) such first Person owns (either directly or through one or more other Subsidiaries) 50% or more of the outstanding equity securities or securities carrying a majority of the voting power in the election of the board of directors or other governing body of such Person.

"Supply Agreement" means the supply agreement to be executed at Closing on terms set forth in the term sheet attached hereto as Exhibit C and otherwise on terms reasonably acceptable to Seller and Buyer.

"Takeover Statute" means Section 1701.83 of the Ohio General Corporate law, "fair price," "moratorium," "control share acquisition" or other similar anti-takeover statute or regulation.

"Target Group" means the entities that are listed on Schedule 1.1(j) of the Disclosure Schedules.

"Target Group Company" means any member of the Target Group.

"Target Group Pre-Closing Tax Return" has the meaning given to it in Section 7.1(a).

"Target JV" mean any of the entities listed in Schedule 1.1(j) of the Disclosure Schedules.

"Target Securities" has the meaning given to it in the Recitals to this Agreement.

"Tax" or "Taxes" means (i) any net income, alternative or add on minimum tax, gross income, gross receipts, sales, use, ad valorem, capital gains, transfer, value added, franchise, profits, license, withholding, employment, social security (or similar), unemployment, disability, excise, severance, stamp, occupation, premium, property, transfer, escheat, unclaimed property, environmental or windfall profit tax, custom, duty or other tax, governmental fee or other like assessment or charge, together with any interest or any penalty, addition to tax or additional amount imposed by any Governmental Entity responsible for the imposition of any such tax (federal, state, local or foreign) (a "Taxing Authority") or (ii) any Liability of the Target Group for the payment of any amounts of the type described in clause (i) above as a transferee or successor, by Contract or pursuant to any Law, rule or regulation, or as a result of being a member of an affiliated, consolidated, combined or unitary group, including pursuant to Code Section 1.1502-6 or any analogous or similar state, local or foreign Law or regulation.

"Tax Dispute" has the meaning given to it in Section 7.2.

"Tax Return" or "Tax Returns" means any return (including any information report), report, statement, schedule, notice, form, declaration, Claim for refund, or other document or information filed with or submitted to, or required to be filed with or submitted to, a Taxing Authority in connection with the determination, assessment, collection, or payment of any Tax or in connection with the administration, implementation or enforcement of or compliance with any Tax Law, including any attachment thereto or amendment thereof.

"Taxing Authority" has the meaning given to it in the definition of Tax in this Agreement.

"Tek Basic Agreement" has the meaning given to it in Section 6.27(b).

"Tek JV" has the meaning given to it in Section 6.27(a)(i).

"Tek Put" has the meaning given to it in Section 6.27(b).

"Terminated Plans" has the meaning given to it in Section 6.19(d).

"Third Party Claim" has the meaning given to it in Section 10.4(a).

"Transaction Bonus Agreement" means any agreement, other than a Retained Agreement, between the Target Group or its Subsidiaries and an employee that provides for any transaction bonus, including but not limited to the agreements listed on Schedule 1.1(k) of the Disclosure Schedules.

"Transaction Document" or "Transaction Documents" means this Agreement, the Disclosure Schedules, the Schedules and Exhibits to this Agreement, the License Agreement, the Supply Agreement, the Transition Services Agreement, the Investor Rights Agreement and any other agreements, certificates or schedules delivered pursuant to this Agreement.

"Transaction Expenses" means, without duplication, (a) any fees, disbursements and expenses of the Target Group, incurred or payable by the Target Group, or any Affiliate of the Target Group to the extent the Target Group is liable therefor in connection with the negotiation, preparation and execution of this Agreement, the other Transaction Documents and the other agreements and documents contemplated hereby, the performance of its and their obligations hereunder and thereunder, and the consummation of the Transactions and the other Transaction Documents prior to the Closing and that have not been paid prior to the Closing and (b) any sale bonus, transaction bonus, success, retention, change of control, severance or other payment incurred or payable by the Target Group solely as a result of the consummation of the Transactions and without the occurrence of any other event or circumstance after the Closing, including as a result of any post-Closing conditions or any action taken or not taken by Buyer or its Affiliates at or following the Closing (including the employer portion of any payroll, social security, unemployment or similar Tax related thereto), but in no event including any obligations under any Retained Agreements. For the avoidance of doubt, the Transaction Expenses include all payments pursuant to the Transaction Bonus Agreements. In no event shall "Transaction Expenses" be deemed to include any fees, disbursements or expenses (y) for which Seller or any of its Affiliates (other than a Target Group Company) is liable or (z) for Indebtedness or amounts included in Net Working Capital.

"Transactions" means the transactions contemplated by this Agreement and the Transaction Documents including (a) the execution, delivery and performance of this Agreement and (b) the sale and purchase of the Target Securities.

"Transfer Price" has the meaning given to it in Schedule 6.27(b).

"Transfer Taxes" has the meaning given to it in Section 7.4.

"Transition Services Agreement" means the Transition Services Agreement to be executed at Closing in a form substantially similar to that attached hereto as Exhibit D.

"TSR Services" has the meaning given to it in Section 6.30.

"Upper Target Net Working Capital" means \$630,000,000.

Section 1.2 Rules of Construction. The following provisions shall be applied wherever appropriate herein:

(a) "herein," "hereby," "hereunder," "hereof" and other equivalent words shall refer to this Agreement as an entirety and not solely to the particular portion of this Agreement in which any such word is used;

(b) all definitions set forth herein shall be deemed applicable whether the words defined are used herein in the singular or the plural;

(c) wherever used herein, any pronoun or pronouns shall be deemed to include both the singular and plural and to cover all genders;

(d) this Agreement and the other Transaction Documents shall be deemed to have been negotiated and drafted by the Parties jointly, and neither this Agreement nor any other Transaction Document shall be construed against any party as the principal draftsman hereof or thereof;

(e) any reference herein to a particular Section, Article, Exhibit or Schedule means a Section or Article of, or an Exhibit or Schedule to, this Agreement unless another agreement is specified;

(f) the Disclosure Schedules and Buyer Disclosure Schedules and Exhibits referred to herein shall be construed with and as an integral part of this Agreement to the same extent as if they were set forth verbatim herein.

(g) any capitalized terms used in the Disclosure Schedules or Buyer Disclosure Schedules, any Exhibit or any Transaction Document but not otherwise defined therein shall be defined as set forth in this Agreement unless the context otherwise requires.

(h) Notwithstanding any other provision of this Agreement to the contrary, in the event and to the extent that there shall be a conflict between the provisions of this Agreement and the provisions of any Transaction Document, the provisions of this Agreement shall control (unless the Transaction Document expressly provides otherwise).

(i) the headings in this Agreement and the other Transaction Documents are for convenience of identification only and are not intended to describe, interpret, define or limit the scope, extent or intent of the respective Transaction Documents or any provision hereof;

(j) the words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation;"

(k) references to "day" or "days" are to calendar days, unless Business Days are otherwise specified;

(l) references to "the date hereof" shall mean as of the date of this Agreement;

(m) the word "or" shall not be exclusive;

(n) the word "extent" in the phrase "to the extent" shall mean the degree to which a subject or other item extends and shall not simply mean "if";

(o) any reference to any Law means such Law as amended, modified, codified, replaced or re-enacted, in whole or in part, and in effect from time to time, including any successor legislation thereto and any rules and regulations promulgated thereunder, and references to any section or other provision of a Law means that section or provision of such Law in effect from time to time and constituting the substantive amendment, modification, codification, replacement or re-enactment of such section or other provision;

(p) any reference to documents or other information being "made available," "disclosed" or "provided" to Buyer means that such documents or information were available to Buyer in (i) the electronic data room hosted by Intralinks for project Arena and (ii) the electronic data room "Project Arena Clean" (together, the "Seller Data Room") prior to the execution of this Agreement and thereafter continuously available until the date of this Agreement, and Seller shall authorize and direct Intralinks to copy to a suitable electronic medium all documents posted to the Seller Data Room as of the date hereof

in the same order and manner as such documents appeared to Buyer on the date hereof and promptly deliver copies thereof to Buyer;

(q) any reference to documents or other information being “made available”, disclosed or “provided” to Seller means that such documents or information were (A) available to Seller in the electronic data room hosted by Donnelly Financial Services for project Bella (the “Buyer Data Room”) or (B) included in Buyer’s SEC filings publicly filed or publicly furnished, in each case, prior to the execution of this Agreement and thereafter continuously available until the date of this Agreement;

(r) neither the specification of any dollar amount in any representation or warranty contained in this Agreement nor the inclusion of any specific item in the Disclosure Schedules or Buyer Disclosure Schedules is intended to imply that such amount, or higher or lower amounts, or the item so included or other items, are or are not material, and no Party shall use the fact of the setting forth of any such amount or the inclusion of any such item in any dispute or controversy between the Parties as to whether any obligation, item or matter not described herein or included in the Disclosure Schedules or Buyer Disclosure Schedules is or is not material for purposes of this Agreement. Unless this Agreement specifically provides otherwise, neither the specification of any item or matter in any representation or warranty contained in this Agreement nor the inclusion of any specific item in the Disclosure Schedules or Buyer Disclosure Schedules is intended to imply that such item or matter, or other items or matters, are or are not in the Ordinary Course of Business, and no Party shall use the fact of the setting forth or the inclusion of any such item or matter in any dispute or controversy between the Parties as to whether any obligation, item or matter not described herein or included in the Disclosure Schedules or Buyer Disclosure Schedules is or is not in the Ordinary Course of Business for purposes of this Agreement;

(s) each Section of the Disclosure Schedules or Buyer Disclosure Schedules qualifies, and constitutes disclosure for purposes of, (i) the correspondingly numbered Section of this Agreement and (ii) any other Section of this Agreement to the extent it is reasonably apparent on its face that such disclosure is applicable, relevant or responsive to such other Section of this Agreement;

(t) if the last day for the giving of any notice or the performance of any act required or permitted under this Agreement is a day that is not a Business Day, then the time for the giving of such notice or the performance of such action shall be extended to the next succeeding Business Day; and

(u) any covenant obligating Seller or any of its Affiliates to cause any Target JV to take or refrain from taking any action shall be deemed to only require Seller or such Affiliate of Seller to cause such Target JV to take or refrain from taking such action to the extent Seller or its applicable Affiliates have the contractual right to do so.

ARTICLE II PURCHASE AND SALE OF TARGET SECURITIES; CLOSING

Section 2.1 Purchase and Sale of Target Securities. Subject to and in accordance with the terms set forth in this Agreement, Seller hereby agrees to cause its Subsidiaries to sell and deliver to Buyer at the Closing, free and clear of any Liens (other than restrictions on transfer imposed by securities Laws), indirectly or directly, the Target Securities.

Section 2.2 Consideration. The aggregate consideration to be paid for the Target Securities shall be (for the avoidance of doubt, consideration specified in each of paragraphs (a) and (b) of this Section 2.2 shall be paid pro rata among each of the Target Securities):

(a) an amount in cash equal to the Closing Cash Payment Amount, which shall be adjusted as provided in Section 2.5 (the Closing Cash Payment Amount, as adjusted, the “Final Cash Purchase Price”); and

(b) 78,186,671 Buyer Common Shares (the "Common Share Consideration") and 583,273 Buyer Preferred Shares (the "Preferred Share Consideration"), together with the Common Share Consideration, the "Share Consideration" and together with the Final Cash Purchase Price, the "Consideration".

Section 2.3 Closing Payments Schedule.

(a) At least four (4) Business Days prior to the Closing Date, Seller shall prepare in good faith and shall deliver to Buyer, together with supporting documentation, a schedule (the "Closing Payments Schedule") that sets forth (A) Seller's estimate of (i) the Closing Date Cash, (ii) the Closing Date Indebtedness, (iii) the Closing Date Net Working Capital and the Closing Date Net Working Capital Adjustment Amount and (iv) the Closing Date Transaction Expenses and (B) Seller's calculation of the Closing Cash Payment Amount, together with wire instructions for any portion of the Closing Indebtedness and Closing Transaction Expenses required to be repaid at the Closing.

(b) The Closing Payments Schedule shall be prepared in good faith and in accordance with the Accounting Policies (as defined below), GAAP, and this Agreement (including with respect to the Net Working Capital, in accordance with the Net Working Capital Measurement Principles). Subject to any applicable privileges (including the attorney-client privilege and the work product privilege), Buyer shall be entitled to review the Closing Payments Schedule and the materials and information used by Seller in preparing the Closing Payments Schedule and Seller shall (i) grant Buyer and its Authorized Representatives with reasonable access during normal business hours, to the books and records of Seller and the Target Group (to the extent applicable) that are relevant to the preparation of the Closing Payments Schedule, and (ii) consider in good faith any comments by Buyer with respect to the Closing Payments Schedule prior to the Closing Date and, only to the extent Seller agrees to any amendment, amend the Closing Payments Schedule. The amounts set forth in the Closing Payments Schedule shall be binding on the Parties for purposes of the payments to be made on the Closing Date and in the event of any disagreement between Seller and Buyer as to the Closing Payments Schedule, Seller's version of the Closing Payments Schedule shall be used. For the avoidance of doubt, Buyer shall have no obligation to comment on the Closing Payments Schedule.

Section 2.4 Closing Date Payments. At the Closing, Buyer will make the following payments by wire transfer of immediately available funds in accordance with the amounts and instructions set forth in the Closing Payments Schedule:

- (a) to Seller, an amount equal to the Closing Cash Payment Amount;
- (b) to the applicable Persons listed on the Closing Payments Schedule, the portion of the Closing Date Indebtedness owed to each such Person; and
- (c) to the applicable Persons listed on the Closing Payments Schedule, the portion of the Closing Date Transaction Expenses owed to each such Person.

Section 2.5 Purchase Price Adjustment.

(a) The Closing Cash Payment Amount shall be subject to adjustment, upward or downward, on a dollar-for-dollar basis, in accordance with this Section 2.5.

(b) Closing Statement. Not later than 90 days following the Closing Date, Buyer shall prepare, in accordance with the Accounting Policies and submit to Seller a draft statement (the "Closing Statement") setting forth, in reasonable detail together with supporting documentation:

- (i) the calculation of the Closing Date Net Working Capital and the Closing Date Net Working Capital Adjustment Amount;

- (ii) the calculation of the Closing Date Cash;
- (iii) the calculation of the Closing Date Indebtedness;
- (iv) the calculation of the Closing Date Transaction Expenses; and
- (v) the calculation of the Purchase Price Increase or Purchase Price Reduction, as applicable.

(c) Preparation of Closing Statement. The Closing Statement shall be prepared in good faith and shall fairly reflect the components of Closing Date Net Working Capital, Closing Date Net Working Capital Adjustment Amount, Closing Date Cash, Closing Date Indebtedness, and Closing Date Transaction Expenses, in each case, without giving effect to any of the Transactions (other than any Closing Date Indebtedness or Closing Date Transaction Expenses paid pursuant to Section 2.4), and the Closing Statement shall be prepared (i) in accordance with GAAP and this Agreement (including with respect to the Net Working Capital, in accordance with the Net Working Capital Measurement Principles) and (ii) in accordance with the specific accounting policies, practices and procedures utilized in preparing the Audited Financial Statements to the extent consistent with GAAP (the "Accounting Policies").

(d) Review; Disputes.

(i) Seller may within 45 days after receipt of the Closing Statement (the "Review Period") dispute the factual basis, mathematical calculations, accounting methods used, any amounts included in, or any other aspect of, the Closing Statement delivered by Buyer pursuant to Section 2.5(c), in which case Seller shall notify Buyer in writing of its objections (in each case, a "Notice of Objection") within the Review Period specifying in reasonable detail each item or amount that Seller disputes (the "Disputed Items"), the amount in dispute for each Disputed Item, each of the reasons for Seller's objections, and the adjustments that Seller believes should be made, including Seller's proposed calculation thereof.

(ii) If Seller fails to deliver such Notice of Objection within the Review Period or if Seller notifies Buyer that it has no objection to the Closing Statement, Seller shall be deemed to have accepted the Closing Statement (including the calculation of the Closing Date Net Working Capital, the Closing Date Net Working Capital Adjustment Amount, the Closing Date Cash and any additional Closing Date Indebtedness and Closing Date Transaction Expenses), as applicable, and such calculations shall be final, binding, conclusive and non-appealable for all purposes of this Agreement.

(iii) If a Notice of Objection is delivered to Buyer by Seller during the Review Period, Buyer and Seller shall endeavor in good faith to resolve any Disputed Items set forth therein within 30 days after Buyer's receipt of the applicable Notice of Objection (the "Resolution Period"), and any written resolution by them as to any Disputed Item shall be final, binding, conclusive and non-appealable for all purposes of this Agreement; provided, however, that Federal Rule of Evidence 408 and any analogous state rules shall apply to any settlement negotiations during the Resolution Period, and such negotiations will otherwise not be discoverable by or communicated to the Independent Accountant. If Buyer and Seller are unable to so resolve the Disputed Items, Buyer and Seller shall, following the last day of the applicable Resolution Period, promptly engage PricewaterhouseCoopers to resolve the matters in dispute or, if PricewaterhouseCoopers is unwilling or unable to serve, another independent, nationally recognized accounting firm that is mutually agreed upon by Buyer and Seller (such firm, or any successor thereto, the "Independent Accountant").

(iv) Each of Seller and Buyer shall pay its own respective costs and expenses incurred in connection with this Section 2.5(d). All fees and expenses of the Independent Accountant shall be allocated between Buyer, on the one hand, and Seller, on the other hand, based upon the percentage which the portion of the contested amount not awarded to each Person bears to the

amount actually contested by such Persons. For purposes of clarity, if the Independent Accountant determines that it accepted seventy percent (70%) of the respective position of one Party, that Party shall pay thirty percent (30%) of the fees and expenses of the Independent Accountant and the other Party shall pay the remaining seventy percent (70%) of such fees and expenses.

(v) The Independent Accountant shall not conduct any additional discovery in any form, and the Independent Accountant shall be bound by a mutually agreeable confidentiality agreement, which shall preserve the confidentiality of any proceeding before the Independent Accountant. The Independent Accountant shall act as an arbitrator to determine only those Disputed Items remaining at the end of the Resolution Period, solely on the basis of presentations by Buyer and Seller, in accordance with the terms of this Agreement, and not by independent review. In no event shall the Independent Accountant's determination of any Disputed Item be outside of the range of amounts claimed by the respective Parties with respect to such Disputed Item. Neither Buyer nor Seller, nor any of their respective Authorized Representatives, will meet or discuss any substantive matters with the Independent Accountant without Buyer and Seller and their respective Authorized Representatives present or having the reasonable opportunity to be present, either in person, by videoconference or by telephone. The Parties shall request the Independent Accountant to render its final reasoned written decision (and a reasonably detailed description of the basis therefor) on an expedited basis as soon as practicable after its engagement and in no event later than thirty (30) days after submission of such Disputed Items (or such other time as the Parties may mutually agree in writing) to the Independent Accountant. The Independent Accountant's determination of the Disputed Items shall be set forth in a written statement delivered to Buyer and Seller and (absent manifest error or fraud) shall be final, binding, conclusive and non-appealable for all purposes hereunder.

(vi) The Closing Date Cash, the Closing Date Indebtedness, the Closing Date Net Working Capital, the Closing Date Net Working Capital Adjustment Amount and the Closing Date Transaction Expenses as of the Effective Time, as finally determined pursuant to this Section 2.5 (whether by failure of Seller to deliver notice of objection, by agreement of Buyer and Seller or by determination of the Independent Accountant), is referred to herein as the "Final Cash Amount," the "Final Indebtedness Amount," the "Final Net Working Capital Amount," the "Final Net Working Capital Adjustment Amount" and the "Final Transaction Expenses Amount," respectively and the procedures set forth in this Section 2.5(d) shall be the sole and exclusive remedy with respect to the final determination of the Closing Date Cash, the Closing Date Indebtedness, the Closing Date Net Working Capital, the Closing Date Net Working Capital Adjustment Amount and the Closing Date Transaction Expenses, except in the case of manifest error or fraud.

(vii) Subject to any applicable privileges (including the attorney-client privilege and the work product privilege), Buyer shall make available to Seller and the Independent Accountant the books, records, documents and work papers (including those of its accountants) underlying the preparation of the Closing Statement and all other items reasonably requested by Seller or the Independent Accountant. All information (including answers to questions from the Independent Accountant) submitted by a Party to the Independent Accountant must be concurrently delivered to the other Party.

(e) Adjustments to Purchase Price. Following the Closing and the final determination of the Final Cash Amount, the Final Indebtedness Amount, the Final Net Working Capital Amount, the Final Net Working Capital Adjustment Amount and the Final Transaction Expenses Amount, in accordance with this Section 2.5:

(i) If the Actual Adjustment Amount is positive, such amount is referred to in this Agreement as the "Purchase Price Increase." If the Actual Adjustment Amount is negative, such amount is referred to in this Agreement as the "Purchase Price Reduction."

(ii) As soon as practicable, and in any event within five Business Days following the determination of a Purchase Price Increase or Purchase Price Reduction (A) if there exists a Purchase Price Reduction, Seller will pay an amount equal to the Purchase Price Reduction by wire transfer of immediately available funds to an account identified in writing by Buyer to Seller and (B) if there exists a Purchase Price Increase, an amount equal to the Purchase Price Increase shall be paid by Buyer to Seller by wire transfer of immediately available funds to an account identified in writing by Seller to Buyer.

Section 2.6 Closing.

(a) Closing Date. Upon the terms and subject to the conditions of this Agreement, the closing of the purchase of the Target Securities and the other Transactions (the "Closing") shall take place via the electronic exchange of documents (including by email), subject to Section 9.1, on the third Business Day after the conditions set forth in Article VIII (the "Closing Conditions") are satisfied or otherwise waived (other than those conditions that by their terms are to be satisfied at Closing, but subject to the satisfaction or waiver of such conditions at Closing), or such other time and date as may be mutually agreed by the Parties in writing.

(b) Deliveries by Seller at Closing. Subject to the terms set forth in this Agreement, at the Closing, Seller shall deliver, or cause to be delivered, to Buyer the following:

(i) Seller Closing Certificate. The Seller Closing Certificate.

(ii) Target Securities. To the extent the Target Securities are directly transferred to Buyer, the certificate representing the Target Securities, duly endorsed in blank or accompanied by appropriate and duly executed equity interest powers or assignments.

(iii) Resignations. The written resignation letters, effective as of the Closing, of those directors, managers and officers of the Target Group designated by Buyer to Seller no later than ten days prior to the Closing Date, in each case in such capacities as directors, managers or officers of the Target Group as applicable, in form and substance satisfactory to Buyer and Seller.

(iv) Transaction Documents. Each of the Transaction Documents to which any member of the Seller Group is a party, duly executed by such applicable member.

(v) FIRPTA Certificate. A certificate of non-foreign status dated as of the Closing Date, sworn under penalty of perjury and in form and substance required under the Treasury Regulations Section 1.1445-2(b)(2) issued pursuant to Code Section 1445 and reasonably satisfactory to Buyer, certifying that ArcelorMittal North America Holdings LLC is not a disregarded entity (and is regarded as the owner of the Target Securities for U.S. federal Tax purposes) for purposes of Treasury Regulations Section 1.1445-2(b)(2)(iii) and not a "foreign person" as defined in Treasury Regulations Section 1.1445-2(b)(2)(i).

(vi) GMPA. Evidence (i) that ArcelorMittal USA LLC has been removed as the seller and originator under the GMPA and (ii) that notice was provided by Seller to Credit Agricole Corporate and Investment Bank to stop selling ArcelorMittal USA LLC's receivables on the Closing Date, in each case in form and substance reasonably satisfactory to Buyer.

(c) Deliveries by Buyer at Closing. Subject to the terms set forth in this Agreement, at the Closing, Buyer shall deliver or cause to be delivered to Seller the following:

(i) Buyer Closing Certificate. The Buyer Closing Certificate.

(ii) Closing Cash Payment Amount. The Closing Cash Payment Amount.

(iii) Transaction Documents. Each of the Transaction Documents to which Buyer or one of its Affiliates is a party, duly executed by Buyer or its applicable Affiliate.

(iv) Shares. A certificate representing the Preferred Share Consideration and evidence that the Common Share Consideration has been issued to Seller, including evidence from Buyer's transfer agent as to the issuance of the Common Share Consideration in book-entry form.

(d) Proceedings. Except as otherwise specifically provided for herein, all proceedings that will be taken and all documents that will be executed and delivered by the parties on the Closing Date will be deemed to have been taken and executed simultaneously, and no proceeding will be deemed taken nor any document executed and delivered until all such proceedings have been taken, and all such documents have been executed and delivered.

Section 2.7 Allocation of Purchase Price. Seller and Buyer agree that the Consideration, and any liability assumption treated as consideration for U.S. federal tax purposes shall be allocated with respect to the Target Securities in accordance with the allocation principles contained in Code Section 1060 and in Treasury Regulations Sections 1.338-4 and 1.338-5, and for the avoidance of doubt, including (i) any deemed asset sale pursuant to Section 6.24, and (ii) any deemed asset acquisition for U.S. federal Tax purposes occurring by reason of the purchase of the Target Securities (when such issuer is disregarded for U.S. Tax purposes, and including for the avoidance of doubt the direct acquisition of any interest in any entity treated as a partnership for U.S. federal Tax purposes). A draft allocation schedule ("Allocation Schedule") shall be prepared by Buyer and delivered to Seller no later than one hundred and twenty (120) days following the Closing Date. If Seller notifies Buyer in writing within sixty (60) days following receipt of the Allocation Schedule that Seller objects to one or more items reflected in the Allocation Schedule, Buyer and Seller shall negotiate in good faith to resolve such dispute; provided, however, that if Buyer and Seller are unable to resolve any dispute with respect to the Allocation Schedule within thirty days following delivery of the Allocation Schedule, such dispute shall be resolved by an Independent Accountant. The fees and expenses of the Independent Accountant incurred pursuant to this Section 2.7 shall be borne equally by Buyer and Seller. Seller and Buyer shall file all Tax Returns (including amended returns and claims for refund) and information reports in a manner consistent with the Allocation Schedule unless required to do otherwise by applicable Law. Any adjustments to the Closing Cash Payment Amount pursuant to Section 2.5 shall be allocated in a manner consistent with the Allocation Schedule.

Section 2.8 Withholding. Notwithstanding anything herein to the contrary, Buyer or its Affiliates shall be entitled to deduct or withhold, or cause to be deducted or withheld, any and all amounts from any amount payable hereunder equal to amounts required under the provision of any applicable Law to be deducted or withheld with respect to the Transactions; provided that Buyer shall (i) use commercially reasonable efforts to provide Seller with prior written notice of Buyer's intention to deduct or withhold or cause to be deducted or withheld any amounts from any amount payable under this Agreement, together with an explanation setting forth in reasonable detail the legal requirement for such deduction or withholding, no less than five (5) Business Days before the date on which any payment will be subject to deduction or withholding, and (ii) reasonably cooperate with Seller to mitigate such deduction or withholding to the extent permitted under applicable Law. Any amounts so deducted or withheld shall be treated as having been paid to the Person in respect of which such deduction or withholding was made.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Buyer as of the date hereof and as of the Closing Date that the statements contained in this Article III are true and correct, except as set forth in the Disclosure Schedules.

Section 3.1 Organization, Power, Standing. Seller is a company duly registered or organized, validly existing as a legal entity properly incorporated, organized, registered and existing, under the laws of Luxembourg and Seller has all requisite corporate power and authority to own and operate the properties and assets and to carry on the Business as presently conducted, except as has not had, and would not be reasonably expect to have, a Seller Material Adverse Effect.

Section 3.2 Due Authorization. Seller has full corporate power and authority to execute this Agreement and the other Transaction Documents to which it is, or is specified to be, a party and to perform its obligations hereunder and thereunder. The execution and delivery by Seller of this Agreement and the other Transaction Documents, the performance by it of its obligations hereunder and thereunder, and the consummation of the Transactions have been duly and validly authorized by all necessary corporate action on the part of Seller. This Agreement has been, and each of the other Transaction Documents, when executed, will be, duly executed and delivered by Seller, and assuming that this Agreement and each of the other Transaction Documents have been duly executed and delivered by Buyer, will constitute legal, valid and binding obligations of Seller enforceable in accordance with their respective terms except as such enforceability may be limited by (a) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar Laws from time to time in effect relating to or affecting the enforcement of creditors' rights generally and (b) general equitable principles with respect to the availability of specific performance or other equitable remedies (whether considered in an Action in equity or at Law) (the "Insolvency and Equity Exceptions").

Section 3.3 No Violation or Conflict. The execution, delivery and performance of this Agreement and the other Transaction Documents by Seller will not, and the consummation of the Transactions will not, directly or indirectly (with or without notice or lapse of time), (i) violate or conflict with the provisions of the organizational documents of Seller or (ii) except as has not had, and would not be reasonably expected to have, a Seller Material Adverse Effect and except for the Governmental Authorizations or notifications set forth in Schedule 3.3 of the Disclosure Schedules, require on the part of Seller or any Affiliate thereof any Governmental Authorization or any filing with or notification to any Governmental Entity or conflict with or constitute a violation of any Law or Order applicable to or relating to Seller. No Authorization of, filing with or notification to, any Person to be made by Seller is required in connection with the execution or delivery by Seller of this Agreement or any of the other Transaction Documents to which Seller is or is to become party or the consummation of the Transactions.

Section 3.4 Ownership and Title to Target Securities. Seller is the ultimate owner, beneficially and of record, of all right, title and interest in and to the Target Securities. Seller has, and will have at the Closing, good and marketable title to the Target Securities and the absolute right to sell, assign and transfer the Target Securities to Buyer, free and clear of any and all Liens, except for any Liens created by the Transaction Documents and Liens arising under any applicable securities Laws. There are no outstanding warrants, options or other rights to purchase, or equityholder agreement, voting trust or other agreements or commitments outstanding with respect to, or property that is convertible into, or that requires the issuance or sale of, any equity securities or any equity interest therein of any Target Group Company. Other than under the organizational documents of the Target Group Companies, Seller does not have any obligation (contingent or otherwise) to purchase, repurchase, redeem or otherwise acquire, any Target Group Company's equity securities or any interest in any Target Group Company or to pay any dividend or make any other distribution in respect thereof.

Section 3.5 Litigation. There is no Action pending or, to the Knowledge of Seller, threatened, against Seller or any of its Affiliates that, if adversely determined, would have or would reasonably be expected to have a Seller Material Adverse Effect. There is no Order to which Seller or any of its Affiliates is subject that would reasonably be expected to have a Seller Material Adverse Effect.

Section 3.6 Brokers. There are no Claims by any Person for a finder's fee or brokerage commission or similar payment which will become a Liability of any Target Group Company following Closing except for such fees, commissions or payments that will constitute Transaction Expenses.

Section 3.7 Acquisition of Shares for Investment. The Common Share Consideration is being acquired for investment only and not with a view to any public distribution thereof (subject to the right of Seller to distribute all or a portion of the Share Consideration to its shareholders in accordance with the terms of the Investor Rights Agreement at or following the Closing), and Seller shall not offer to sell or otherwise dispose of the Share Consideration so acquired by it in violation of any of the registration requirements of the Securities Act, or any other applicable securities Law.

ARTICLE IV REPRESENTATIONS AND WARRANTIES RELATING TO TARGET GROUP COMPANIES

Seller hereby represents and warrants to Buyer as of the date hereof and as of the Closing Date that the statements contained in this Article IV are true and correct, except as set forth in the Disclosure Schedules.

Section 4.1 Due Authorization. Each Target Group Company has full power and authority to execute the Transaction Documents to which it is specified to be a party and to perform its obligations thereunder. The execution and delivery by each Target Group of the Transaction Documents, if any, the performance by their respective obligations thereunder, and the consummation of the transactions contemplated thereby have been duly and validly authorized by all requisite corporate or other necessary action on the part of each Target Group Company. Each of the Transaction Documents, when executed, will be, as applicable, duly executed and delivered by the Target Group and constitute legal, valid and binding obligations of the Target Group, enforceable in accordance with their terms, except as such enforceability may be limited by the Insolvency and Equity Exceptions.

Section 4.2 Organization, Power, Standing. Each Target Group Company is a corporation or other organization duly organized, validly existing and, with respect to jurisdictions that recognize the concept of good standing or a similar local concept, in good standing under the Laws of its jurisdiction and has all requisite corporate or other applicable organizational power and authority to own and operate its properties and assets and to carry on its business as presently conducted, except where the failure to be in good standing or have such power or authority would not reasonably be expected to have a material adverse impact on the Business taken as a whole. Except as has not had and would not reasonably be expected to have a Material Adverse Effect, each Target Group Company is qualified to do business and is in good standing as a foreign corporation or other organization in each jurisdiction where the ownership or operation of its properties or the conduct of its business requires such qualification.

Section 4.3 Articles of Incorporation, By-Laws and Corporate Records. As of the date hereof, Seller has made available to Buyer true, correct and complete copies of each of (a) the articles of incorporation or analogous formation document of each Target Group Company, as amended and in effect on the date hereof and (b) the by-laws or analogous governing document of each Target Group Company, each as amended and in effect on the date hereof. Such governing documents are in full force and effect in all material respects and no Target Group Company is in violation of any material provisions of its governing documents.

Section 4.4 Capitalization; Title; Equity; Investments. A true, accurate and complete list for each Target Group Company of the ownership percentage and record and beneficial owner(s) thereof, is set forth on Schedule 4.4 of the Disclosure Schedules. All the Target Securities are duly authorized, validly issued, fully paid and non-assessable and were issued in compliance with all applicable Laws or pursuant to valid exemptions therefrom and constitute all of the issued and outstanding shares of capital stock or other equity securities of the members of the Target Group. There are no shares of capital stock of any Target Group Company reserved for issuance. There are no outstanding or authorized subscriptions,

options, warrants, rights to acquire, conversion rights or other rights, Contracts or commitments obligating any Target Group Company to issue, sell or otherwise dispose of any securities or obligations exercisable for or convertible into any equity interest of any Target Group Company stock. There are no voting trusts or other Contracts or understandings to which any Target Group Company is a party with respect to the voting of any of the equity interest of such Target Group Company, and no Target Group Company is a party to, or bound by, any outstanding restrictions, options or other obligations, Contracts or commitments (contingent or otherwise) to sell, repurchase, redeem or acquire any securities of any Target Group Company.

Section 4.5 No Conflict: Third-Party Consents. The execution, delivery and performance of this Agreement and the other Transactions Documents does not, and the consummation of the Transactions will not, directly or indirectly (with or without notice or lapse of time), (a) violate or conflict with the provisions of the certificate of incorporation or bylaws or analogous organizational documents of any Target Group Company, (b) result in the imposition of any Lien upon any of the assets of the Target Group, (c) except for the Governmental Authorizations or notifications set forth in Schedule 4.5(c) of the Disclosure Schedules, require on the part of any Target Group Company or any Affiliate thereof any Governmental Authorization or any filing with or notification to any Governmental Entity or conflict with or constitute a violation of any Law or Order applicable or relating to any Target Group Company, its assets or the Business, or (d) conflict with, constitute (with or without notice or lapse of time, or both) a default or event of default under, result in a breach or termination of, cause the acceleration or material modification of any obligation under, create in any party additional rights or compensation under or require the Authorization of, or notice to, any Person (other than in the case of Intragroup Agreement, an Affiliate of Seller) under any Material Contract, material Permit or other material instrument or obligation to which any Target Group Company is a party or by which it is bound or by which its assets or the Business are affected, except, in the case of clauses (b), (c), and (d), as has not had, and would not be reasonably expected to have, a material adverse impact on the Business taken as a whole. No Authorization of, filing with or notification to, any Person is required in connection with the execution or delivery of any Transaction Documents to which any Target Group Company is, or is to become party, or the consummation of the Transactions, except as has not had, and would not be reasonably expected to have, a material adverse impact on the Business taken as a whole.

Section 4.6 Financial Statements.

(a) Schedule 4.6(a) of the Disclosure Schedules includes correct and complete copies of the following financial statements (collectively the "Financial Statements"): (i) audited consolidated balance sheets of ArcelorMittal USA LLC as of December 31, 2019 and December 31, 2018, and the related audited consolidated statements of income and cash flows for each of the fiscal years then ended (collectively the "Audited Financial Statements") and (ii) an unaudited consolidated balance sheet of ArcelorMittal USA LLC as of June 30, 2020, (the "Most Recent Balance Sheet") and the related unaudited consolidated statements of income for the six month period then ended (collectively the "Interim Financial Statements"). The financial information provided to Buyer regarding ArcelorMittal Princeton and Monesson has been prepared consistent with Seller's past practices and is substantially the same level of information provided to Seller in the Ordinary Course of Business.

(b) The Financial Statements have been prepared in accordance with GAAP applied on a basis consistent throughout the periods indicated (except in each case as described in the notes thereto), except that the Interim Financial Statements do not contain footnotes and are subject to normal recurring year-end adjustments (none of which are material, either individually or taken together). The Financial Statements fairly present in all material respects the financial position, the results of operations and cash flow of ArcelorMittal USA LLC as of the respective dates of and for the periods referred to in such Financial Statements.

Section 4.7 Undisclosed Liabilities; Finance Lease Obligations; Pension Liabilities.

(a) Except as has not had and would not reasonably be expected to have a Material Adverse Effect, the Target Group has no Liabilities except for (i) Liabilities included or reserved against in the Most Recent Balance Sheet or disclosed in the notes thereto, (ii) current Liabilities that have arisen after the date of the Most Recent Balance Sheet in the Ordinary Course of Business (none of which is material, either individually or in the aggregate), (iii) forward looking Liabilities arising from (but excluding any Liabilities arising from any breach that has occurred) Contracts to the extent related to the Business or (iv) Liabilities arising from the consummation of the transactions contemplated by the Transaction Documents.

(b) Schedule 4.7(b) of the Disclosure Schedules sets forth the Liabilities under leases of the Target Group characterized as finance leases, as reflected in the accounts of the Target Group in accordance with GAAP or IFRS, as the case may be and subject to the assumptions and qualifications described therein, as of December 31, 2019 (such obligations, "Finance Lease Obligations"). Since December 31, 2019 through the date of this Agreement, the Target Group has not incurred any additional Finance Lease Obligations.

(c) Schedule 4.7(c) of the Disclosure Schedules sets forth information furnished by Seller to Buyer for the purpose of calculating the pension, other post-employment benefits and related Liabilities of the Target Group (the "Pension Data"). The Pension Data comprises the most currently available information in Seller's possession with respect to the matters addressed therein. In the past year, neither Seller nor any of its Affiliates has obtained a third-party actuarial report with respect to future benefit obligations and related Liabilities (EPBO) of the Target Group.

Section 4.8 Absence of Changes.

(a) Since December 31, 2019 through the date of this Agreement, there has been no event, change, circumstance or occurrence that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect.

(b) Since June 30, 2020 until the date of this Agreement, the Business has been operated only in the Ordinary Course of Business.

Section 4.9 Material Contracts.

(a) Schedule 4.9(a) of the Disclosure Schedules sets forth a list (or, as applicable, contains a cross-reference to another section of the Disclosure Schedules that lists), as of the date of this Agreement, of each Material Contract to which each Target Group Company is a party or by which its properties or assets are bound.

(b) Seller has made available to Buyer true and complete copies of all of the Material Contracts as of the date hereof (or, to the extent any of such Contracts are oral, summaries of the material terms thereof). Each Material Contract is legal, valid, binding, enforceable (except as such enforceability may be limited by the Insolvency and Equity Exceptions) against the applicable Target Group Company or Target Group Companies party to such Material Contract, and, to Seller's Knowledge, each other party thereto, and is in full force and effect. Except as has not had and would not reasonably be expected to have a material adverse impact on the Business taken as a whole, no Target Group Company is in breach or default under any Material Contract. To the Knowledge of Seller, no other party to any Material Contract is in material breach or default thereof. No event has occurred and no conditions exists which, with the passage of time or the giving of notice or both, would reasonably be expected to constitute a default or event of default or breach by any Target Group Company or, to the Knowledge of Seller, any other party under any such Material Contract, or would permit modification, acceleration, or termination of any such Material Contract, or would create in any party additional rights or compensation

under or require notice to or the Consent of any Person under any such Material Contract, or result in the creation of a Lien (other than a Permitted Lien) on any of the assets of the Target Group or the Target Securities, in each case, except as has not had and would not reasonably be expected to have a material adverse impact on the Business taken as a whole. To the Knowledge of Seller, no party to any such Material Contract has repudiated any of the terms thereof or requested to renegotiate any Material Contract or threatened to terminate, cancel or not renew such Material Contract.

Section 4.10 Real Property.

(a) Except as has not had and would not be expected to have a Material Adverse Effect, Seller has (i) good and marketable title to each real estate owned in fee by the Target Group (the "Owned Real Property"), subject to Permitted Liens and (ii) a valid leasehold interest in each real estate leased, licensed, used or held for use by the Target Group and owned by a third party (the "Leased Real Property" and, together with the Owned Real Property, the "Real Property"). Except as has not had, and would not reasonably be expected to have, a Material Adverse Effect, none of the Real Property is subject to any Liens, except for Permitted Liens.

(b) Schedule 4.10(b) of the Disclosure Schedules sets forth each (i) option to purchase all or any portion of any Real Property or any interest therein, (ii) right of first refusal relating to any sale of any Real Property or any portion thereof or interest therein and (iii) Consent required in connection with the Transactions, in each case, contained in any Real Property Lease, except in each case of (i), (ii) and (iii) as has not had and would not reasonably be expected to have a material adverse impact on the Business taken as a whole.

(c) With respect to any of the Owned Real Property, there is no lease, license, concession or other agreement, whether written or oral, granting to any other Person the right to use or occupy the Real Property, except as has not had and would not reasonably be expected to have a material adverse impact on the Business taken as a whole.

(d) Except as has not had and would not be expected to have a Material Adverse Effect, (A) each lease, sublease or license under which any Target Group Company leases, subleases or licenses any real property (each such lease, license or sublease, a "Real Property Lease," is valid and in full force and effect, and (B) no Target Group Company, nor to Seller's Knowledge any other party to a Real Property Lease, has violated any provision of, or taken or failed to take any act which, with or without notice, lapse of time, or both, would constitute a default under the provisions of such Real Property Lease, and none of the Target Group Companies has received written notice that it has breached, violated or defaulted under any Real Property Lease.

(e) All material tangible assets (including Owned Real Property and Leased Real Property) of the Target Group are, in the aggregate (and with due consideration for reasonable wear and tear and the age of each specific tangible asset), in sufficient operating condition and repair, except as has not had and would not reasonably be expected to have in a Material Adverse Effect.

(f) Except as has not had and would not be expected to have a Material Adverse Effect, (A) there does not exist any actual or, to the Knowledge of Seller, threatened condemnation or eminent domain proceedings that affect any Real Property or any part thereof and (B) as of the date hereof the Target Group has not received any written notice of the intention of any Governmental Entity or other Person to take or use any such Real Property or any part thereof that would affect the Target Group's rights to use such Real Property.

Section 4.11 Sufficiency and Condition of Assets.

(a) The Target Group owns, has good, and where applicable, marketable title to, has a valid leasehold interest in, or has a right to use all buildings, machinery, equipment and other tangible

assets, free and clear of all Liens (except Permitted Liens), necessary for the conduct of the Business, as presently conducted by the Target Group Companies, and such buildings, machinery, equipment and other tangible assets are sufficient for the conduct of the Business, and performance of the Target Group's Contracts after Closing in the same manner as such assets are used prior to Closing, other than (i) Overhead and Shared Services, (ii) rights to Intragroup Agreements and (iii) rights of Buyer under and services to be provided to Buyer and its Affiliates pursuant to this Agreement or any of the other Transaction Documents (including the Transition Services Agreement).

(b) The buildings, plants, structures, equipment and other tangible assets owned or leased by the Target Group are in the possession or control of the Target Group, are in good operating condition and repair in all material respects, have no material deferred maintenance obligation, and have been maintained in compliance in all material respects with all applicable warranties.

Section 4.12 Insurance Coverage. Except as has not had and would not be expected to have a Material Adverse Effect, each insurance policy of the Target Group Companies is in full force and effect, all premiums have been and will be (in accordance with the terms of the applicable policy) duly paid, there exists no default under any insurance policy and no notice of termination or cancellation of any such policy has been received by any Target Group Company as of the date hereof.

Section 4.13 Intellectual Property: IT Systems.

(a) Schedule 4.13(a) of the Disclosure Schedules sets forth a complete and correct list, as of the date hereof, of all (i) issued Patents and applications therefor, (ii) registered Copyrights and applications therefor, (iii) registered Trademarks and applications therefor and (iv) Domain Names that are Owned Intellectual Property (the "Registered Intellectual Property"). For each item required to be listed on Schedule 4.13(a) of the Disclosure Schedules, such schedules list, as applicable, (A) the record owner, (B) the jurisdiction, (C) the registration/issue number and date, (D) the application number and date and (E) for registered Domain Names, the registrar. No Registered Intellectual Property has been abandoned and all registration, renewal and maintenance filings, fees, and Taxes due and payable on or before the Closing Date in respect of each of the applications and registrations of the Registered Intellectual Property have been timely submitted to the relevant Governmental Entity or Domain Name registrar and paid in full through the Closing Date.

(b) The Target Group solely owns all right, title and interest in all Registered Intellectual Property and any other material Owned Intellectual Property, free and clear of all Liens, except for Permitted Liens. The Owned Intellectual Property and the Intellectual Property licensed pursuant to the License Agreement and the Transition Services Agreement include all material Intellectual Property used in the current conduct of the Business, except for any Overhead and Shared Services.

(c) The operation of the Business or any part thereof has not in the past three years and does not infringe, misappropriate, dilute, or otherwise violate the Intellectual Property of any other Person. Within the last three years, no Target Group Company has received written notice from any Person claiming that the operation of the Business infringes, misappropriates, or otherwise violates the Intellectual Property rights of any Person or that a Target Group Company needs a license to the Intellectual Property rights of any Person. No Person is infringing, misappropriating, or otherwise violating the Intellectual Property of any Target Group Company. Consummation of the Transactions will not result in the termination or diminution of any rights of the Target Group in or to any Owned Intellectual Property.

(d) Except as disclosed on Schedule 4.13(d) of the Disclosure Schedules, there is no Action or Claim pending, or to the Knowledge of Seller, otherwise threatened that, other than office actions in the ordinary course of obtaining Intellectual Property registrations, challenges the rights of Seller in respect of the validity, enforceability or ownership of any material Registered Intellectual Property.

(e) The Target Group has taken commercially reasonable steps to secure its rights in the material Trade Secrets included in the Owned Intellectual Property. The Target Group has required each employee and consultant and any other Person to whom Seller or any Target Group Company has disclosed material Trade Secrets to execute a Contract that requires such Person to maintain the confidentiality of all such Trade Secrets. Each employee and consultant who creates or develops material Registered Intellectual Property has executed a Contract that assigns to the applicable Target Group Company (or any such predecessor) all of such individual's right, title and interest in and to such Registered Intellectual Property, except to the extent prohibited by law. No employee or consultant who created or developed Registered Intellectual Property owns or claims any ownership rights in any of such Registered Intellectual Property.

(f) Seller and the Target Group Companies have taken commercially reasonable steps to establish and implement disaster recovery plans such that, in the event of a failure of the Business IT, such Business IT and the material data and information residing therein can be reasonably replaced (or the availability of such items reasonably restored) without material disruption to the Business.

(g) Since January 1, 2017 the Business IT has not materially malfunctioned or failed in a manner that has significantly disrupted or adversely affected the functionality or legitimate operation of any such Business IT. Each Target Group Company has taken commercially reasonable steps to (i) secure the Business IT that is under its control from unauthorized access or improper use by any Person, (ii) defend such Business IT against denial of service attacks or hacking attempts by any other Person, and (iii) ensure the operation of such Business IT. To Seller's Knowledge, since January 1, 2017, no Person has gained unauthorized access to any Business IT under the control of Seller which caused a material disruption or material cost to the Business.

(h) The Target Group Companies have been and are in material compliance with the terms and conditions of all applicable licenses for Public Software used by the Target Group Companies. There is no Public Software included in or distributed with any products of the Target Group Companies or Business Software owned by the Target Group Companies in a manner that is reasonably likely to cause the applicable Target Group Company to (i) disclose or distribute in source code form such Target Group Company's products or the Business Software owned by such Target Group Company, (ii) license such Target Group Company's products or the Business Software owned by such Target Group Company for the purpose of making derivative works or (iii) redistribute such Target Group Company's products or the Business Software owned by such Target Group Company at no charge or a charge set by a third party.

(i) The use, collection, storage and dissemination of data in connection with the Business does not violate, any privacy Laws in any material respect.

(j) No funding, facilities, or personnel of any military, Governmental Entity or any public or private university, college, or other educational or research institution, including student and researchers, were used, directly or indirectly, to develop or create, in whole or in part, any of the Owned Intellectual Property.

Section 4.14 Taxes.

Except as has not had and would not reasonably be expected to have a material adverse impact on the Business taken as a whole:

(a) Filing of Returns and Payment of Taxes. Each Target Group Company has (i) timely and duly filed with the appropriate Taxing Authority all Tax Returns that are required to be filed by applicable Law on or prior to the Closing Date, as the case may be, taking into account all timely and valid extensions, and all such Tax Returns were true, accurate and complete in all respects, and (ii) timely paid in full all Taxes due (whether or not shown on such Tax Returns).

(b) Reserves. The unpaid Taxes of the Target Group, if any, that should have been properly accrued on the Financial Statements (i) did not, as of the date of the Financial Statements, exceed the reserve for tax liabilities set forth on the face of the Financial Statements (rather than any notes thereto) and (ii) do not exceed that reserve as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of the Target Group in filing its Tax Returns.

(c) Extensions, etc. As of the date hereof, there is no written agreement or other document extending or waiving, or having the effect of extending or waiving, the period of assessment or collection of any Taxes with respect to a Target Group Company, and no power of attorney with respect to any such Taxes has been executed or filed with the IRS or any other Taxing Authority that remains in force.

(d) Audits, etc. As of the date hereof no audits, examinations or other administrative proceedings or court proceedings are presently pending with respect to any material Taxes of a Target Group Company or, to the Knowledge of Seller, threatened against a Target Group Company. No deficiency for any material Tax has been asserted or assessed by a Governmental Entity against any Target Group Company which deficiency has not been paid or is not being contested in good faith in appropriate proceedings and for which adequate reserves have not been made in the Financial Statements in accordance with GAAP or IFRS, as the case may be. No Claim has been made by any Governmental Entity in a jurisdiction where a Target Group Company does not pay Taxes or file Tax Returns that such Target Group Company is or may be subject to taxation or a requirement to file Tax Returns by that jurisdiction.

(e) Withholding. All Taxes required to be withheld by a Target Group Company, including in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder, member or other Person, have been duly and timely withheld, and such withheld Taxes have been duly and timely paid to the appropriate Governmental Entity.

(f) Closing Agreements, etc. No closing agreements, private letter rulings, technical advice memoranda or similar agreement or rulings concerning Taxes have been entered into or issued by any Governmental Entity with respect to the Target Group Companies that would reasonably be expected to have an adverse effect on a Target Group Company following the Effective Time.

(g) Tax Liens. There are no Liens for Taxes upon the assets or properties of the Target Group except for Permitted Liens.

(h) Tax Status. No Target Group Company (i) has, after December 31, 2008, been a member of an affiliated, combined, consolidated or unitary Tax group for purposes of filing any Tax Return, other than, for purposes of filing, affiliated, combined, consolidated or unitary Tax Returns, a group of which ArcelorMittal North America Holdings LLC was the common parent, (ii) has any Liability for Taxes of any Person (other than a Target Group Company) for taxable periods beginning on or after January 1, 2009 (A) under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local or foreign Law) or (B) as a transferee or successor, or (iii) is a party to or bound by any Tax sharing or allocation agreement, other than (1) agreements solely among Target Group Companies and (2) agreements entered into in the ordinary course of business that do not primarily relate to Tax matters. Schedule 4.14(h) of the Disclosure Schedules sets forth the entity classification of each of the Target Group Companies for U.S. federal income Tax purposes.

(i) Listed Transactions. No Target Group Company has ever participated in any transaction that is a "listed transaction" within the meaning of Treasury Regulation Section 1.6011-4(b) or, to the Knowledge of Seller, under any similar provision of state, local or foreign Law.

(j) Section 116. Under applicable Law, no clearance certificate is required, under section 116 of the Canadian Income Tax Act, to be obtained by Buyer by reason of its acquisition of the Target Securities.

(k) Section 355. No Target Group Company has ever been the “distributing corporation” or the “controlled corporation” (in each case, within the meaning of Code Section 355(a)(1)) with respect to a transaction described in or governed by Code Section 355 within the two-year period ending as of the date of this Agreement.

(l) Certain Transactions. No Target Group Company (i) will be required to include any item of income in, or exclude any item of deduction from, taxable income for any period (or any portion thereof) ending after the Closing Date as a result of any: (A) installment sale or other open transaction disposition made on or prior to the Closing Date; (B) prepaid amount received on or prior to the Closing Date; (C) a closing agreement described in Code Section 7121 or any comparable or similar provision of state, local or foreign Law executed on or prior to the Closing Date; (D) change in method of accounting or use of any improper method of accounting for a taxable period or portion thereof ending on or before the Closing Date; (E) intercompany transaction described in Treasury Regulations Section 1.1502-13 (or any comparable or similar provision of state, local or foreign Law) or (F) Indebtedness discharged with respect to which any election under Code Section 108(i) was made; or (ii) has made an election under Code Section 965(h) or Treasury Regulations Section 1.59A-3(c)(6) (whether in proposed or final Treasury Regulations, or similar state or local Tax law).

(m) Joint Ventures. None of the Target Group Companies is a party to any joint venture, partnership or other contract that is treated as a partnership for income Tax purposes (other than a joint venture or partnership with another Target Group Company). None of the Target JVs was formed under the laws of any jurisdiction outside of the United States. Schedule 4.14(m) of the Disclosure Schedules sets forth, with respect to each Target Group Company, any joint venture, partnership, or other arrangement or Contract in which a Target Group Company is a partner, which is or was treated as a partnership for Tax purposes.

(n) Tax Sharing Agreements. None of the Target Group Companies is a party to any Tax allocation or sharing agreement, or and has any Liability for the Taxes of any other Person, including as a transferee or successor or pursuant to any contractual obligation.

(o) Tax Shelters. Each of the Target Group Companies is, and has at all times been, in compliance with the provisions of Code Sections 6011, 6111 and 6112 relating to tax shelter disclosure, registration and list maintenance, with the Treasury Regulations thereunder and, to the Knowledge of Seller, with all similar provisions of applicable Law.

(p) Partnership Representative. No Target Group Company is the partnership representative as defined in Code Section 6223(a) and the Treasury Regulations promulgated thereunder (or similar designation or tax matters partner, if a partnership representative as defined in Code Section 6223(a) was not designated) for any for any entity treated as a partnership for US federal Tax purposes that is included in the Target Group that is classified as a partnership for US Tax purposes.

(q) Sales and Use. Each of the Target Group Companies has collected all material sales and use Taxes required to be collected, and have remitted, or will remit on a timely basis (taking into account all timely and valid extensions), such amounts to the appropriate Governmental Entity, or have been furnished properly completed exemption certificates.

(r) Extraordinary Dispositions. None of the Target Group Companies, nor any entity to which any of such entities is a successor, has undertaken an “extraordinary disposition” as defined in Treasury Regulations Section 1.245A-5, and no Person currently has, has ever had, or otherwise is

required to have an “extraordinary disposition account” as defined in Treasury Regulations Section 1.245A-5 with respect to any of the Target Group Companies.

(s) Permanent Establishment. None of the Target Group Companies has or has had a permanent establishment, permanent representative or other taxable presence in any jurisdiction other than in the jurisdiction in which it was organized.

(t) International Boycott. None of the Target Group Companies has ever participated in an international boycott within the meaning of Code Section 999.

(u) BBA Election. No election under Section 1101(g)(4) of the Bipartisan Budget Act of 2015 has been made by or on behalf of any Target Group Company or Target JV to have the amendments made by such provisions apply to any income Tax Return of such entity with respect to any tax period beginning on or before December 31, 2017.

Section 4.15 Litigation.

(a) There is no Action pending or, to Knowledge of Seller, threatened against or involving any Target Group Company, the Business, or any of the Target Group’s assets or properties, whether at Law, in equity or before any arbitrator or Governmental Entity, in each case other than (i) Actions relating to the Transaction Documents or the transactions contemplated thereby or (ii) Actions that have not had and would not reasonably be expected to result in a Liability of the Target Group greater than \$1,000,000.

(b) There is no material Order specific to and restricting the Target Group or the Business in any material respect.

(c) The Target Group has been in compliance for the past three years with all of the terms and requirements of each Order to which it or its assets is or has been subject, except where such failure to be in compliance has not had and would not be expected to have a material adverse impact on the Business taken as a whole.

(d) No Governmental Entity has notified the Target Group in writing of an intention to conduct an investigation of the Business or any Target Group Company, except as has not had and would not be expected to have a material adverse impact on the Business taken as a whole.

Section 4.16 Employee and Labor Relations.

(a) Except as has not had and would not reasonably be expected to result in a material adverse impact to the Business taken as a whole, no Target Group Company has, at any time in the last three years:

(i) employed any Business Employee who is not legally eligible for employment under applicable immigration Laws, or with respect to any Business Employee violated any applicable Laws pertaining to immigration and work authorization, or received notice from any Governmental Entity of any investigation by any Governmental Entity regarding noncompliance with applicable immigration Laws, including but not limited to U.S. Social Security Administration “No-Match” letters;

(ii) violated in any material respect any Laws respecting employment and employment practices or terms and conditions of employment in connection with the employment of any Business Employees, or engagement of any other service providers or applicants for employment with the Business, including any such Laws relating to wages and hours, payment of wages (including applicable prevailing wage rates), child labor, family and medical leave, access to facilities and employment

opportunities for disabled persons, health and safety, employment discrimination, equal employment opportunities and affirmative action, sexual harassment, layoffs and plant closings, classification as (A) exempt from overtime or (B) a contractor, employee privacy, fair employment practices, workers' compensation, and the collection and payment of all taxes and other withholdings;

(iii) been liable for the payment of any Claims, damages, fines, penalties, or other amounts to any current or former Business Employees, other services providers or applicants for employment with the Business, however designated, for failure to comply with any labor or employment Laws, or been a party to any judgment, settlement agreement, consent decree, or other agreement with any Governmental Entity requiring continuing compliance or reporting obligations entered into to resolve any labor or employment matter. There are no Actions against any Target Group Company pending, or to the Knowledge of Seller, threatened to be brought or filed by or with any Governmental Entity or arbitrator based on, arising out of, in connection with, or otherwise relating to alleged violation of any employment Laws;

(iv) implemented any plant closing or mass layoff of Business Employees that could require notice (without regard to any actions that could be taken by Buyer following the Closing) under applicable Laws (including the Worker Adjustment and Retraining Notification Act of 1988, 29 U.S.C. §§ 2101, et seq., or any similar state Laws);

(v) been a party to, or bound by, any collective bargaining agreement, effects bargaining agreement, neutrality or card-check recognition agreement, or other labor agreement within the definition of Section 301 of the Labor Management Relations Act, 29 U.S.C. § 185, with any labor organization that could impact the Business;

(vi) been involved in negotiations with any labor organization regarding terms or a collective bargaining agreement covering any Business Employees, or any effects bargaining agreement, neutrality or card-check recognition agreement, or other labor agreement; experienced any strike, work slowdown, or other work stoppage, picketing, handbilling, bannering or other concerted activity due to any organizing activities or labor dispute pending nor, to the Knowledge of Seller, is any such action currently threatened against the Target Group;

(vii) violated any labor Laws, including the National Labor Relations Act. There are currently no unfair labor practice charges or complaints pending with any Governmental Entity alleging any violations of applicable labor Laws pending against any Target Group Company, and no Target Group Company has been subject to any remedial Order issued by any Governmental Entity (including the National Labor Relations Board) for violations of applicable labor Laws.

(b) To the Knowledge of Seller no employee of any Target Group Company is bound by any type of noncompetition or nondisclosure agreement that would restrict or limit the ability of (i) any Target Group Company to employ such Person or (ii) such employee to fully perform his or her duties for any Target Group Company.

Section 4.17 Employee Plans.

(a) Schedule 4.17(a) of the Disclosure Schedules provides a complete list of each Business Employee Plan but does not include any Business Employee Plan established after the date hereof that is permitted by Section 6.1(b)(iii). Schedule 4.17(a) of the Disclosure Schedules separately identifies each Business Employee Plan that is sponsored and maintained by a Target Group Company or its Subsidiary and each Business Employee Plan that is maintained outside of the United States. Correct and complete copies of the following materials, to the extent applicable, with respect to the Business Employee Plans have been made available to Buyer: (i) all current plan documents or, in the case of an unwritten Business Employee Plan, a written description thereof, (ii) all determination or opinion letters from the IRS, (iii) the most recent summary plan descriptions and summaries of material modifications,

(iv) the most recent annual reports (Form 5500 series) filed with the IRS (with attachments) and summary annual reports, (v) the most recent annual actuarial valuation, and (vi) all current trust agreements, insurance Contracts, and other documents relating to the administration, funding or payment of benefits.

(b) Except as has not had and would not reasonably be expected to result in a material adverse impact on the Business taken as whole, with respect to each group health plan benefiting any current or former employee of any Target Group Company or any ERISA Affiliate of any Target Group Company that is subject to Section 4980B of the Code, each Target Group Company and each ERISA Affiliate of any Target Group Company has complied with the continuation coverage requirements of Section 4980B of the Code and Part 6 of Subtitle B of Title I of ERISA.

(c) Except as has not had and would not reasonably be expected to result in a material adverse impact on the Business taken as whole, Target Group Company nor any ERISA Affiliate of any Target Group Company currently has, and at no time in the past six years has had, an obligation to contribute to a "defined benefit plan" as defined in Section 3(35) of ERISA, a pension plan subject to the funding standards of Section 302 of ERISA or Section 412 of the Code, a "multiemployer plan" as defined in Section 3(37) of ERISA or Section 414(f) of the Code (a "Multiemployer Plan") or a "multiple employer plan" within the meaning of Section 210(a) of ERISA or Section 413(c) of the Code, except for those plans listed on Schedule 4.17(a) of the Disclosure Schedules.

(d) Except as has not had and would not reasonably be expected to result in a material adverse impact on the Business taken as whole, no liability under Section 302 or Title IV of ERISA or Section 412 of the Code has been incurred by any Target Group Company or any ERISA Affiliate of any Target Group Company that has not been satisfied in full. Except as has not had and would not reasonably be expected to result in a material adverse impact on the Business taken as whole, with respect to any employee benefit plan for which a Target Group Company or any ERISA Affiliate of any Target Group Company has any liability that is subject to the minimum funding requirements of Section 412 of the Code or Title IV of ERISA: (A) no such plan is, or is expected to be, in "at-risk" status (within the meaning of Section 303(i)(4)(A) of ERISA or Section 430(i)(4)(A) of the Code), (B) the Pension Benefit Guaranty Corporation (the "PBGC") has not instituted proceedings to terminate any such plan, (C) no "reportable event" within the meaning of Section 4043 of ERISA (excluding any such event for which the 30 day notice requirement has been waived under the regulations to Section 4043 of ERISA) has occurred, and (D) no event described in Sections 4062, 4063 or 4041 of ERISA occurred.

(e) With respect to any Business Employee Plan that is a single-employer defined benefit pension plan or retiree welfare benefit plan, to the Knowledge of Seller the most recent actuarial report prepared by such Business Employee Plan's actuary has been prepared in a manner that complies with applicable Law based on reasonable assumptions and, since the date of such report through the date of this Agreement, there has been no material adverse change in the financial condition of such Business Employee Plan (with respect to either assets or benefits).

(f) Except as has not had and would not reasonably be expected to result in a material adverse impact on the Business taken as whole, no Target Group Company nor any ERISA Affiliate of any Target Group Company has incurred withdrawal liability under Section 4201 of ERISA in respect of any Multiemployer Plan that has not been satisfied in full, and all contributions required to be paid by any Target Group Company or any ERISA Affiliate of any Target Group Company have been timely paid to the applicable Multiemployer Plan to which the Target Group Company or any ERISA Affiliate has an obligation to contribute. Except as has not had and would not reasonably be expected to result in a material adverse impact on the Business taken as whole, no Multiemployer Plan to which any Target Group Company or any ERISA Affiliate of any Target Group Company has an obligation to contribute is (i) in endangered status (under Section 432(b)(1) of the Code or Section 305(b)(1) of ERISA), (ii) is in critical status (under Section 432(b)(2) of the Code or Section 305(b)(2) of ERISA) or (iii) has requested or been granted by the IRS any waiver of the minimum funding standards of Section 302 of ERISA and Section 412 of the Code. Except as has not had and would not reasonably be expected to

result in a material adverse impact on the Business taken as whole, the consummation of the transactions contemplated by this Agreement will not result in any Target Group Company or its ERISA Affiliates experiencing a withdrawal (within the meaning of Section 4203 or 4205 of ERISA) from any Multiemployer Plan.

(g) Except as has not had and would not reasonably be expected to result in a material adverse impact on the Business taken as whole, each Business Employee Plan has been maintained, operated, and administered in compliance with its terms and any related documents or agreements and in compliance with all applicable Laws. Except as has not had and would not reasonably be expected to result in a material adverse impact on the Business taken as whole, there have been no prohibited transactions or breaches of any of the duties imposed on "fiduciaries" (within the meaning of Section 3(21) of ERISA) by ERISA with respect to the Business Employee Plans that could result in any material Liability or excise Tax under ERISA or the Code being imposed on any Target Group Company or its Subsidiaries.

(h) Except as has not had and would not reasonably be expected to result in a material adverse impact on the Business taken as whole, each Business Employee Plan intended to be qualified under Section 401(a) of the Code is so qualified and, has been determined by the IRS to be so qualified and nothing has occurred since the date of any such determination that could reasonably be expected to give the IRS grounds to revoke such determination.

(i) Except as has not had and would not reasonably be expected to result in a material adverse impact on the Business taken as whole, there is no pending or, to Seller's Knowledge, threatened assessment, complaint, proceeding, or investigation of any kind in any court or Governmental Entity with respect to any Business Employee Plan (other than routine Claims for benefits).

(j) The execution and performance of this Agreement will not (i) constitute a stated triggering event under any Business Employee Plan that will result in any payment (whether of severance pay or otherwise) becoming due from any Target Group Company or any of its Subsidiaries to any current or former officer, employee, director or consultant (or dependents of such Persons), or (ii) accelerate the time of payment or vesting, or increase the amount of compensation due to any current or former officer, employee, director or consultant (or dependents of such Persons) of any Target Group Company or its Subsidiaries.

(k) Except as has not had and would not reasonably be expected to result in a material adverse impact on the Business taken as whole, no Target Group Company or any of its Subsidiaries has agreed or committed to institute any plan, program, arrangement or agreement for the benefit of employees or former employees of the Target Group other than the Business Employee Plans, or to make any amendments to any of the Business Employee Plans.

(l) Except as has not had and would not reasonably be expected to result in a material adverse impact on the Business taken as a whole, the Target Group has reserved all rights necessary to amend or terminate each of the Business Employee Plans without the Consent of any other Person, except to the extent any Business Employee Plan is collectively bargained.

(m) Except as has not had and would not reasonably be expected to result in a material adverse impact on the Business taken as a whole, each Business Employee Plan that is a nonqualified deferred compensation plan subject to Section 409A of the Code has been maintained in documentary and operational compliance with Section 409A of the Code. No director, officer, employee or other service provider of any Target Group Company or its Subsidiaries is entitled to a gross up, make whole or other similar payment as a result of the imposition of Taxes under Section 4999 or Section 409A of the Code pursuant to any agreement or arrangement with a Target Group Company or its Subsidiaries.

(n) No amount that could be received (whether in cash or property or the vesting of property) as a result of any of the Transactions by any employee, officer or director of the Target Group or any of its Affiliates who is a "disqualified individual" (as defined in Code Section 1.280G-1) under any employment, severance or termination agreement, other compensation arrangement or Business Employee Plan currently in effect would be characterized as an "excess parachute payment" (as such term is defined in Code Section 280G(b)(1)).

Section 4.18 Environmental Matters.

Except as has not had and would not be reasonably expected to have a Material Adverse Effect:

(a) Since January 1, 2017, the Target Group Companies have complied at all times with all applicable Environmental Laws.

(b) No property (including soils, groundwater, surface water, buildings and surface and subsurface strata or structures) currently or, to the Knowledge of Seller, formerly owned, operated or utilized by any Target Group Company has been contaminated with any Hazardous Material requiring remediation or other action by a Target Group Company pursuant to any Environmental Law or any contractual obligation.

(c) No Target Group Company has any Liability for any Hazardous Material disposal or contamination on any third party property.

(d) Since January 1, 2017, no Target Group Company has received any written notice, demand, letter, claim or request for information alleging that such Target Group Company is in violation of or subject to Liability under any Environmental Law except as has been resolved with no further liability.

(e) No Target Group Company is subject to any Order, settlement or other agreement with any Governmental Entity or any indemnity or other agreement with any third party assigning or otherwise imposing Liability or obligations relating to any Environmental Law.

(f) To the Knowledge of Seller, no material expenditures, other than those reflected in any financial reserves, asset retirement obligations or capital or operating budgets of Seller or any Target Group Company which were provided or made available to Buyer prior to the date hereof, are reasonably expected to be required in order to comply with applicable Environmental Laws during the next three (3) years.

(g) To the Knowledge of Seller, there are no other conditions or occurrences involving any Target Group Company that if known by a Governmental Entity or other third Person would reasonably be expected to result in any claim, Liability, investigation, cost or restriction on Buyer or any of its Subsidiaries pursuant to any Environmental Law.

Section 4.19 Health and Safety Matters.

Except as has not had and would not be reasonably expected to have a Material Adverse Effect:

(a) The Target Group is currently, and, since January 1, 2017, the Target Group has been, in material compliance with all Occupational Safety and Health Regulations.

(b) Since January 1, 2017, there has been no allegation of any violation of any Occupational Safety and Health Regulations and no investigation or review by any Governmental Entity is pending or, to the Knowledge of Seller, threatened with respect to the Target Group related to Occupational Safety and Health Regulations.

Section 4.20 Permits; Compliance with Laws.

(a) Except where the failure to possess such Permits has not had and would not reasonably be expected to have a material adverse impact on the Target Group taken as a whole, the Target Group currently possesses, and the Target Group has at all times in the last three (3) years possessed, all requisite Permits from all Governmental Entities necessary to conduct the Business as currently conducted in all material respects, and to own, lease and operate its properties. Except as has not had, and would not reasonably be expected to have, a material adverse impact on the Business taken as a whole, all material Permits are in full force and effect. The Target Group is and has been for the past three (3) years in compliance in all material respects with all the terms and conditions related to such Permits. To the Knowledge of Seller, there are no Actions in progress, pending or threatened which may result in revocation, cancellation, suspension, or any materially adverse modification of any of such Permits. The Target Group has not received any written communication from any Governmental Authority indicating, and to the Knowledge of Seller, no such Permit will be revoked, not renewed, modified or contain terms, conditions or limitations in a manner that would have a material adverse impact on the Business taken as a whole. The Transactions will not result in the revocation, cancellation, suspension, or any materially adverse modification of any material Permits.

(b) Except where the failure to be in such compliance has not had, and would not reasonably be expected to have, a Material Adverse Effect, the Target Group is currently, and has been at all times in the last three years, in compliance with all Laws, Orders, regulations and requirements applicable to the Target Group, the Business, the assets and properties of the Target Group (collectively, "Rules"). To the Knowledge of Seller, during the past three years, there has been no allegation of any violation of any Rule, and no investigation or review by any Governmental Entity is pending or threatened with respect to the Target Group, which would reasonably be expected to have a Material Adverse Effect.

Section 4.21 Customers and Suppliers. The Target Group's top twenty-five (25) customers and suppliers (in each case, as measured by amount purchased or supplied, as applicable, during the most recent fiscal year ended) are set forth on Schedule 4.21 of the Disclosure Schedules. Since December 31, 2019 through the date hereof, none of the Target Group's top ten (10) customers or top ten (10) suppliers (in each case, as measured by amount purchased or supplied, as applicable, during the most recent fiscal year ended) (such Target Group's top ten (10) customers and top ten (10) suppliers, the "Major Business Partners") has cancelled or otherwise terminated or modified in a manner materially adverse to the Target Group as a whole or to the Knowledge of Seller, made any threat to the Target Group to cancel or otherwise terminate or modify its relationship with the Target Group.

Section 4.22 Transactions with Affiliates. None of Seller, any of its Affiliates, any executive officer of Seller or the Target Group or, to the Knowledge of Seller, Family Member of such executive officers has any material financial or employment interest in any Major Business Partners (other than holdings in publicly held companies representing less than five percent (5%) of the total outstanding equity interests of any such publicly held company) (excluding the ownership of the Target Securities or any customary corporate support services provided in relation thereto or any employment Contract between an employee of a Target Group Company and such Target Group Company).

Section 4.23 AML Laws; Anti-Corruption Laws; Sanctions.

(a) Except as has not had and would not reasonably be expected to have a Material Adverse Effect, each Target Group Company has implemented and maintains in effect policies and procedures reasonably designed to promote compliance by such Target Group Company and its directors, officers, and employees (in each such Person's capacity as such) with Anti-Corruption Laws, applicable AML Laws and applicable Sanctions.

(b) Except as has not had and would not reasonably be expected to have a Material Adverse Effect, (i) no Target Group Company or any of its directors or officers, or, to the Knowledge of

Seller, any of its employees (in each case in such Person's capacity as such), (ii) to the Knowledge of Seller, no agent of any Target Group Company (in such Person's capacity as such), in each case, is a Sanctioned Person, and (iii) no Target Group Company or any Affiliate acting on a Target Group Company's behalf has at any time in the last five years been in violation of AML Laws, Anti-Corruption Laws or Sanctions.

Section 4.24 Compliance with Export Control and Import Laws.

(a) Except as has not had and would not reasonably be expected to have a Material Adverse Effect, the Business and the Target Group Companies are now, and have been during the past five years, in compliance with the Arms Export Control Act, the International Emergency Economic Powers Act, the International Traffic in Arms Regulations, the Export Administration Regulations, the Laws relating to anti-boycott requirements administered by the U.S. Department of Commerce and the U.S. Department of the Treasury, the Tariff Act of 1930 and other Laws and programs administered by U.S. Customs and Border Protection, U.S. Immigration and Customs Enforcement, and their predecessor agencies, the Foreign Trade Regulations, and any other Laws and Orders governing the export or import of items, materials, technology, or data (collectively, the "Export Control and Import Laws"). Except as has not had and would not reasonably be expected to have a Material Adverse Effect, without limiting the foregoing, the Target Group Companies (a) have obtained all export licenses and other consents and orders from any Governmental Entity, (b) have made and filed all necessary notices, registrations, declarations and filings with, any Governmental Entity and (c) have met the requirements of any license exceptions or exemptions, as required, in each of (a), (b) and (c), to remain in material compliance with the Export Control and Import Laws (collectively, the "Export Approvals").

(b) Except as has not had and would not reasonably be expected to have a Material Adverse Effect, the Target Group Companies have not, in violation of the Law, made or provided any false statement or omission to any Governmental Entity or to any purchaser of products in connection with the importation of items, the valuation or classification of imported items, the duty treatment of imported items, the eligibility of imported items for favorable duty rates or other special treatment, country-of-origin marking, NAFTA Certificates, marking and labeling requirements, other statements or certificates concerning origin, quota or visa rights, Export Approvals U.S.-content requirements, licenses or other approvals required by a foreign Governmental Entity.

(c) Except as has not had and would not reasonably be expected to have a Material Adverse Effect, none of the products or materials imported by, for or on behalf of the Target Group Companies for which final liquidation has not yet occurred is subject to or otherwise covered by an antidumping duty order or countervailing duty order that remains in effect or is subject to or otherwise covered by any pending antidumping or countervailing duty investigation by a Governmental Entity.

**ARTICLE V
REPRESENTATIONS AND WARRANTIES OF BUYER**

Buyer hereby represents and warrants to Seller that the statements contained in this Article V are true and correct as of the date hereof and as of the Closing except as set forth in the Buyer Reports (excluding, in each case, any disclosures set forth in any risk factor section or in any other section to the extent they are forward-looking statements or cautionary, predictive or forward-looking in nature) or the Buyer Disclosure Schedules, it being agreed that nothing disclosed in the Buyer Reports will be deemed to modify or qualify the representations and warranties set forth in Section 5.1 (Organization, Power, Standing), Section 5.2 (Due Authorization), Section 5.7 (Brokers), and Section 5.10 (Capitalization; Stock Consideration), or in the corresponding sections or subsections of the Buyer Disclosure Schedules:

Section 5.1 Organization, Power, Standing. Buyer is a corporation duly organized, validly existing and in good standing under the Laws of Ohio and has all requisite corporate power and authority to own, lease and operate its properties and assets and to conduct its business as it is now being

conducted, except as has not had, and would not be reasonably expected to have, a Buyer Material Adverse Effect.

Section 5.2 Due Authorization. Buyer has full corporate power and authority to execute this Agreement and the other Transaction Documents to which it is, or is specified to be, a party and to perform its obligations hereunder and thereunder. The execution and delivery by Buyer of this Agreement and the other Transaction Documents, the performance by Buyer of its obligations hereunder and thereunder and the consummation of the Transactions have been duly and validly authorized by all necessary corporate action on the part of Buyer. This Agreement has been, and each of the other Transaction Documents when executed will be, duly executed and delivered by Buyer, and assuming that this Agreement and each of the other Transaction Documents have been duly executed and delivered by Seller, constitute legal, valid and binding obligations of Buyer enforceable in accordance with their respective terms, except as such enforceability may be limited by the Insolvency and Equity Exceptions. The Buyer Common Shares issued as Common Share Consideration and the Buyer Preferred Shares issued as Preferred Share Consideration have been, or when issued, will be duly and validly authorized for issuance and sale to Seller, validly issued, fully paid and non-assessable, and will not be subject to any Liens (other than pursuant to applicable securities Laws or the terms of the Investor Rights Agreement and the Buyer Preferred Shares), preemptive rights or similar rights. The Preferred Share Consideration will have the rights set forth in Buyer's Articles of Incorporation (as amended, including the Certificate of Designations).

Section 5.3 No Conflict; Third-Party Consents. The execution, delivery and performance of this Agreement and the other Transaction Documents by Buyer will not, and the consummation of the Transactions will not, directly or indirectly (with or without notice or lapse of time), (a) violate or conflict with the provisions of the organizational documents of Buyer or (b) except as has not had, and would not be reasonably expected to have, a Buyer Material Adverse Effect and except for the Governmental Authorizations or notifications set forth in Schedule 5.3 of the Buyer Disclosure Schedules, require on the part of Buyer or any Affiliate thereof any Governmental Authorization or any filing with or notification to any Governmental Entity or conflict with or constitute a violation of any Law or Order applicable to or relating to Buyer. Except as set forth in the preceding sentence, no Authorization of, filing with or notification to, any Person is required to be made by Buyer in connection with the execution or delivery by Buyer of this Agreement or any of the other Transaction Documents to which Buyer is or is to become party or the consummation of the Transactions. No vote of any holder of Buyer Common Shares or any holder of capital stock of Buyer is necessary under applicable Law, NYSE rules or Buyer's organizational documents in connection with the execution or delivery by Buyer of this Agreement or any of the other Transaction Documents to which Buyer is or is to become party or the consummation of the Transactions (other than with respect to the conversion of the Preferred Share Consideration).

Section 5.4 Governmental Authorizations. The execution, delivery and performance of this Agreement and the other Transaction Documents by Buyer and consummation of the Transactions will not require on the part of Buyer any Governmental Authorization or any filing with or notification to any Governmental Entity, except (a) the pre-merger notification requirements of the HSR Act and (b) under any other applicable national, federal, state or foreign applicable Laws that are designed to govern competition, or intended to prohibit, restrict or regulate actions having the purposes or effect of monopolization, lessening of competition or restraint of trade (together with the HSR Act, the "Antitrust Laws").

Section 5.5 Litigation. There is no Action pending or, to Knowledge of Buyer, threatened against or involving Buyer or any of its Subsidiaries, or any of Buyer or its Subsidiaries' assets or properties, whether at Law, in equity or before any arbitrator or Governmental Entity, in each case other than (a) Actions relating to the Transaction Documents or the transactions contemplated thereby or (b) Actions that have not had and would not reasonably be expected to have a Buyer Material Adverse Effect. Each of Buyer and each of its Subsidiaries has been in compliance for the past three years with all of the terms and requirements of each Order to which it or its assets is or has been subject, except where such

failure to be in compliance has not had, and would not be reasonably expected to have, a Buyer Material Adverse Effect.

Section 5.6 Financing.

(a) As of the date of this Agreement, Buyer has sufficient cash on hand together with availability under the Debt Financing to pay the Closing Cash Payment Amount. At the Closing, Buyer will have sufficient cash on hand together with availability under the Debt Financing or other sources to pay the Closing Cash Payment Amount.

(b) As of the date of this Agreement, Buyer does not have any reason to believe that any of the conditions to borrow on the Debt Financing needed to pay the Closing Cash Payment Amount will not be satisfied by Buyer on a timely basis on or prior to the Closing Date or that the amount of Debt Financing necessary for Buyer to pay the Closing Cash Payment Amount and consummate the Transactions will not be available to Buyer on the Closing Date.

Section 5.7 Brokers. There are no Claims by any Person for a finder's fee or brokerage commission or similar payment which would reduce Seller's proceeds hereunder in connection with the Transactions.

Section 5.8 Acquisition of Shares for Investment. The Target Securities are being acquired for investment only and not with a view to any public distribution thereof, and Buyer shall not offer to sell or otherwise dispose of the Target Securities so acquired by it in violation of any of the registration requirements of the Securities Act, or any other applicable securities Law.

Section 5.9 SEC Documents; Stock Exchange Listing.

(a) Buyer has filed or furnished, as applicable, on a timely basis all forms, statements, certifications, reports and documents required to be filed or furnished by it with the SEC pursuant to the Exchange Act or the Securities Act since January 1, 2019 (the forms, statements, reports and documents filed or furnished since January 1, 2019 and those filed or furnished subsequent to the date of this Agreement, including any amendments thereto, the "Buyer Reports"). Each of the Buyer Reports, at the time of its filing or being furnished complied, or if not yet filed or furnished, will when so filed or furnished, comply in all material respects with the applicable requirements of the Securities Act, the Exchange Act and the Sarbanes-Oxley Act applicable to the Buyer Reports. As of their respective dates (or, if amended prior to the date of this Agreement, as of the date of such amendment), the Buyer Reports did not, and none of the Buyer Reports filed with or furnished to the SEC subsequent to the date of this Agreement will when so filed or furnished, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances in which they were made, not misleading. Buyer is in compliance in all material respects with the applicable listing and corporate governance rules and regulations of the NYSE.

(b) Buyer maintains disclosure controls and procedures required by Rule 13a-15 or 15d-15 under the Exchange Act. Such disclosure controls and procedures are reasonably designed to ensure that all material information required to be disclosed by Buyer is recorded and reported on a timely basis to the individuals responsible for the preparation of Buyer's filings with the SEC and other public disclosure documents. Buyer maintains internal control over financial reporting (as defined in and meeting the requirements of Rule 13a-15 or 15d-15, as applicable, under the Exchange Act). Such internal control over financial reporting is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes policies and procedures that (A) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of Buyer and its Subsidiaries, (B) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of Buyer and its

Subsidiaries are being made only in accordance with authorizations of management and directors of Buyer, and (C) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Buyer's and its Subsidiaries' assets that would be reasonably likely to have a material adverse effect on its financial statements. Buyer has disclosed, based on the most recent evaluation of its chief executive officer and its chief financial officer prior to the date of this Agreement, to its auditors and the audit committee of its board of directors (1) any significant deficiencies in the design or operation of its internal control over financial reporting that are reasonably likely to adversely affect Buyer's ability to record, process, summarize and report financial information and has identified for Buyer's auditors and audit committee of its board of directors any material weaknesses in internal control over financial reporting and (2) any fraud, whether or not material, that involves management or other employees who have a significant role in Buyer's internal control over financial reporting.

(c) Each of the consolidated balance sheets included in or incorporated by reference into the Buyer Reports (including the related notes and schedules) fairly presents in all material respects, or, in the case of the Buyer Reports filed after the date of this Agreement, will fairly present in all material respects, the consolidated financial position of Buyer and its consolidated Subsidiaries as of its date and each of the consolidated statements of operations, comprehensive income, changes in equity and cash flows included in or incorporated by reference into the Buyer Reports including any related notes and schedules, fairly presents in all material respects, or, in the case of Buyer Reports filed after the date of this Agreement, will fairly present in all material respects, the results of operations, cash flows, retained earnings (loss) and changes in financial position, as the case may be, of Buyer and its consolidated Subsidiaries for the periods set forth therein (subject, in the case of unaudited statements, to notes and normal year-end audit adjustments that will not be material in amount or effect), in each case in accordance with GAAP consistently applied during the periods involved, except as may be noted therein.

Section 5.10 Capitalization; Stock Consideration. The authorized capital stock of Buyer consists of 600,000,000 Buyer Common Shares and 7,000,000 shares of preferred stock, without par value, consisting of 3,000,000 shares of Class A Serial Preferred Stock, without par value, and 4,000,000 shares of Class B Serial Preferred Stock, without par value. As of the close of business on September 23, 2020, (A) 399,229,916.77 Buyer Common Shares were issued and outstanding (not including Buyer Common Shares held in treasury), (B) 29,415,949.23 Buyer Common Shares were held in treasury, (C) no Buyer Preferred Stock was issued or outstanding, (D) 2,566,687.20 Buyer Common Shares were issuable upon the exercise of outstanding options to purchase Buyer Common Shares, (E) 4,898,164.60 Buyer Common Shares were subject to outstanding awards of performance shares and performance units (in each case assuming achievement of the applicable performance measures at the maximum level), 2,033,603 Buyer Common Shares were subject to outstanding awards of restricted stock units, 105,958.93 Buyer Common Shares were subject to outstanding awards of deferred shares, and 383,483 Buyer Common Shares were subject to outstanding awards of restricted shares, (F) 10,000,000 Buyer Common Shares were reserved for issuance (and remained available) under the Cliffs Natural Resources Inc. 2015 Employee Stock Purchase Plan, 4,871,880 Buyer Common Shares were reserved for issuance (and remained available) under the Cliffs Natural Resources Inc. 2015 Equity and Incentive Compensation Plan (as amended and restated), 74,797 Buyer Common Shares were reserved for issuance (and remained available) under the Cliffs Natural Resources Inc. 2014 Nonemployee Directors' Compensation Plan (as amended and restated), and 563,230 Buyer Common Shares were reserved for issuance (but no longer remained available) under the Cliffs Natural Resources Inc. 2012 Incentive Equity Plan (as amended and restated) (the "Buyer Stock Plans"), (G) 52,272,710 Buyer Common Shares were reserved for issuance in respect of the Buyer Convertible Notes, and (H) no other shares of capital stock or other voting securities of Buyer were issued, reserved for issuance or outstanding. As of the date of this Agreement, except as set forth above in this Section 5.10, there are no other shares of capital stock or other voting securities of Buyer issued, reserved for issuance or outstanding. All outstanding Buyer Common Shares are, and all Buyer Common Shares reserved for issuance in accordance with the Buyer Stock Plans and the Buyer Convertible Notes, when issued upon exercise thereof or in accordance with the respective terms thereof, will be, duly authorized, validly issued, fully paid and non-assessable. Except as set forth above in this Section 5.10, and for changes after the date hereof in compliance

with Section 6.1(d), there are no (1) shares of capital stock or other securities of, or ownership interests in, Buyer, (2) securities of Buyer or any of its Subsidiaries convertible into or exchangeable or exercisable for, or giving any Person a right to subscribe for or acquire, any shares of capital stock or other securities of or ownership interests in Buyer or any Subsidiary of Buyer, (3) preemptive or other outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, agreements, arrangements, calls, commitments or rights of any kind that (x) give any Person the right to purchase, subscribe or acquire from Buyer or any Subsidiary of Buyer, or (y) obligate Buyer or any of its Subsidiaries to issue or sell, any capital stock, securities of, or ownership interests in, or securities convertible into or exchangeable or exercisable for capital stock or securities of, or ownership interests in, Buyer or any Subsidiary of Buyer, or (4) obligations of Buyer or any Subsidiary of Buyer to repurchase, redeem or otherwise acquire any capital stock or securities of, or ownership interests in, or any securities convertible into or exchangeable or exercisable for any capital stock or securities of, or ownership interests in, Buyer or any Subsidiary of Buyer. Except as set forth above in this Section 5.10, Buyer does not have any outstanding bonds, debentures, notes or other obligations the holders of which have the right to vote (or convertible into or exercisable for securities having the right to vote) with the shareholders of Buyer on any matter. There are no voting trusts or other agreements or understandings to which Buyer or any Subsidiary of Buyer is a party with respect to the voting of or restricting the transfer of the capital stock or other equity interests of Buyer or any Subsidiary of Buyer.

Section 5.11 Compliance with Laws. Except where the failure to be in such compliance has not had, and would not reasonably be expected to have, a Buyer Material Adverse Effect, Buyer is currently, and has been at all times in the last three years, in compliance with all Laws. To the Knowledge of Buyer, in the last three years, there has been no material allegation of any violation of any Law, and no investigation or review by any Governmental Entity is pending or threatened with respect to Buyer which would reasonably be expected to have a Buyer Material Adverse Effect.

Section 5.12 No Undisclosed Liabilities: Absence of Certain Changes or Events. Except as set forth in Buyer's Annual Report on Form 10-K for the fiscal year ended 2019, and any other reports, proxy statements and information Buyer filed with or furnished to the SEC since December 31, 2019 (the "SEC Documents") including any audited or unaudited financial statements and any notes thereto or schedules included therein (the "Buyer Financial Statements") (to the extent such disclosure does not constitute a "risk factor" or forward-looking statement):

(a) Except as has not had and would not reasonably be expected to have a Buyer Material Adverse Effect, Buyer has no Liabilities except for (i) Liabilities included or reserved against in the Buyer Financial Statements or disclosed in the notes thereto, (ii) Liabilities incurred in the ordinary course of Buyer's business since December 31, 2019, (iii) Liabilities arising from the consummation of the transactions contemplated by the Transaction Documents or (iv) forward-looking Liabilities arising from (but excluding Liabilities arising from any breach that has occurred) Contracts.

(b) Since December 31, 2019 through the date of this Agreement, there has not been any event, change, occurrence or circumstance that, individually or in the aggregate, has had or would reasonably be expected to have a Buyer Material Adverse Effect.

(c) Since December 31, 2019, Buyer and its Subsidiaries have conducted their respective businesses in the Ordinary Course of Business.

Section 5.13 AML Laws: Anti-Corruption Laws, Sanctions.

(a) Except as has not had and would not reasonably be expected to have a Buyer Material Adverse Effect, Buyer and its Subsidiaries have implemented and maintain in effect policies and procedures reasonably designed to promote compliance by Buyer, its Subsidiaries, and the respective directors, officers, and employees of Buyer and its Subsidiaries (in each such Person's capacity as such) with Anti-Corruption Laws, applicable AML Laws and applicable Sanctions.

(b) Except as has not had and would not reasonably be expected to have a Buyer Material Adverse Effect, (i) none of Buyer, its Subsidiaries, nor any of their respective directors or officers, or, to the Knowledge of Buyer, any of Buyer's or its Subsidiaries' employees (in each case in such Person's capacity as such), in each case, is a Sanctioned Person, and (ii) none of Buyer or any of its Subsidiaries has at any time in the last five years been in violation of AML Laws, Anti-Corruption Laws or Sanctions.

Section 5.14 Compliance with Export Control and Import Laws.

(a) Except as has not had and would not reasonably be expected to have a Buyer Material Adverse Effect, Buyer and its Subsidiaries are now, and have been during the past five years, in compliance with the Export Control and Import Laws. Except as has not had and would not reasonably be expected to have a Buyer Material Adverse Effect, without limiting the foregoing, Buyer and its Subsidiaries have obtained all Export Approvals.

(b) Except as has not had and would not reasonably be expected to have a Buyer Material Adverse Effect, Buyer and its Subsidiaries have not, in violation of any Law, made or provided any false statement or omission to any Governmental Entity or to any purchaser of products in connection with the importation of items, the valuation or classification of imported items, the duty treatment of imported items, the eligibility of imported items for favorable duty rates or other special treatment, country-of-origin marking, NAFTA Certificates, marking and labeling requirements, other statements or certificates concerning origin, quota or visa rights, export licenses or other export authorizations, U.S.-content requirements, licenses or other approvals required by a foreign Governmental Entity.

(c) Except as has not had and would not reasonably be expected to have a Buyer Material Adverse Effect, none of the products or materials imported by, for or on behalf of Buyer or its Subsidiaries for which final liquidation has not yet occurred is subject to or otherwise covered by an antidumping duty order or countervailing duty order that remains in effect or is subject to or otherwise covered by any pending antidumping or countervailing duty investigation by a Governmental Entity.

Section 5.15 Buyer Employee and Labor Relations.

(a) Except as has not had and would not reasonably be expected to have a Buyer Material Adverse Effect, there are no, and there have not been for the past three years, any actual or, to Buyer's Knowledge, threatened (A) strikes, lockouts, slowdowns, other work stoppages or job actions, picketing, unfair labor practices or other labor disputes, (B) unfair labor practice charge against Buyer or any of its Subsidiaries before the National Labor Relations Board or any comparable labor relations authority, and (C) arbitrations or grievances, charges, complaints, audits or investigations by or before any Governmental Entity with respect to any current or former employees of, or other service providers to, Buyer or any of its Subsidiaries.

(b) Except as has not had and would not reasonably be expected to result in a material adverse impact to the Buyer, for the past three years, each of Buyer and its Subsidiaries has been in material compliance with all collective bargaining agreements or other material agreements with a labor union or like organization that Buyer or any of its Subsidiaries is a party to or otherwise bound by and all applicable Laws respecting labor and employment matters, including fair employment practices (including equal employment opportunity laws), terms and conditions of employment, labor relations, workers' compensation, occupational safety and health, affirmative action, employee privacy, classification as (A) exempt from overtime or (B) a contractor, plant closings, immigration and wages and hours.

Section 5.16 Taxes.

Except as has not had, and would not reasonably be expected to have, a Buyer Material Adverse Effect:

(a) Buyer and each of its Subsidiaries (A) have duly and timely filed (taking into account any extension of time within which to file) all material Tax Returns required to be filed by any of them and all such filed Tax Returns are correct and complete in all material respects; (B) have paid or withheld, as applicable, all material Taxes (whether or not shown on such Tax Returns), including all Taxes required to be withheld by Buyer or any of its Subsidiaries, including in connection with amounts paid or owing to any employee, independent contractor, creditor, shareholder or other Person, except with respect to matters contested in good faith; and (C) have not waived any statute of limitations with respect to material Taxes or agreed to any extension of time with respect to a material Tax assessment or deficiency;

(b) As of the date of this Agreement, there are no ongoing pending or threatened in writing, any audits, examinations, investigations or other proceedings in respect of Taxes or Tax matters of Buyer and its Subsidiaries;

(c) There are no material outstanding deficiencies for Taxes of Buyer or any of its Subsidiaries that are not disclosed or provided for in the Buyer Reports;

(d) The unpaid Taxes of Buyer or any of its Subsidiaries, if any, which should have properly accrued on the financial statements of Buyer or its Subsidiaries, as applicable, do not exceed the reserve for tax liabilities on the financial statements of Buyer or any of its Subsidiaries, as applicable;

(e) Neither Buyer nor any of its Subsidiaries (A) has, after December 31, 2008, been a member of an affiliated, combined, consolidated or unitary Tax group for purposes of filing any Tax Return, other than, for purposes of filing, affiliated, combined, consolidated or unitary Tax Returns, a group of which Buyer was the common parent, (B) has any Liability for Taxes of any Person (other than Buyer and its Subsidiaries) for taxable periods beginning on or after January 1, 2009 (1) under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local or foreign Law) or (2) as a transferee or successor, or (C) is a party to or bound by any Tax sharing or allocation agreement, other than (1) agreements solely among Buyer or its Subsidiaries and (2) agreements entered into in the ordinary course of business that do not primarily relate to Tax matters;

(f) Neither Buyer nor any of its Subsidiaries has distributed stock of another Person, or has had its stock distributed by another Person, during the two year period prior to the date of this Agreement, in a transaction in which the parties to such distribution treated the distribution as one to which Code Section 355 applied;

(g) Neither Buyer nor any of its Subsidiaries has or has had a permanent establishment, permanent representative or other taxable presence in any jurisdiction other than in the jurisdiction in which it was organized;

(h) Neither Buyer nor any of its Subsidiaries has participated in any listed transaction within the meaning of Treasury Regulations Section 1.6011-4(b); and

(i) No material Liens for Taxes exist with respect to any of Buyer's assets or properties or those of its Subsidiaries, except for Permitted Liens.

Section 5.17 Takeover Statute, No Interested Shareholder Statute, Takeover Statute or any anti-takeover provision in the Buyer's Fourth Amended Articles of Incorporation or Regulations is applicable to Buyer or the Buyer Common Shares or Buyer Preferred Shares to be issued in connection with this Agreement.

ARTICLE VI COVENANTS

Section 6.1 Conduct of the Business by the Target Group and Seller.

(a) From the date of this Agreement through the earlier of the valid termination of this Agreement pursuant to Article IX or the Closing (the "Pre-Closing Period"), except (A) as set forth on Schedule 6.1(a) of the Disclosure Schedules, (B) as Buyer may otherwise approve in writing (which approval shall not be unreasonably withheld, conditioned or delayed), (C) as otherwise expressly contemplated or required by this Agreement (including with respect to the Internal Restructuring), (D) as required by any Law or Order (including any "stay at home" or similar orders) applicable to Seller or any of its Affiliates (including the Target Group) or their respective assets or operations and (E) subject to Section 6.1(e), that the Target Group shall be permitted to take or refrain from taking any action that Seller or any Target Group Company reasonably believes necessary or appropriate in response to the COVID-19 pandemic, Seller will cause the Target Group Companies to: (i) conduct the Business in the Ordinary Course of Business, (ii) use commercially reasonable efforts to preserve intact the Business, keep available the services of employees of the Business, and preserve the existing relationships and goodwill with customers, suppliers, Governmental Entities and others having business dealings with the Target Group Companies and the Business and (iii) use commercially reasonable efforts to continue to make the capital expenditures set forth in the Target Group's 2020 capital expenditures budget as necessary to maintain the assets and facilities of the Target Group in a manner consistent with past practices and otherwise use commercially reasonable efforts to maintain the Target Group Companies' assets in good operating condition.

(b) During the Pre-Closing Period, except (A) as set forth on Schedule 6.1(a) of the Disclosure Schedules, (B) as Buyer may otherwise approve in writing (which approval shall not be unreasonably withheld, conditioned or delayed), (C) as otherwise expressly contemplated or required by this Agreement (including with respect to the Internal Restructuring), (D) as required by any Law or Order (including any "stay at home" or similar orders) applicable to Seller or any of its Affiliates (including the Target Group) or their respective assets or operations or (E) subject to Section 6.1(e), that the Target Group shall be permitted to take or refrain from taking any action that Seller or any Target Group Company reasonably believe necessary or appropriate in response to the COVID-19 pandemic, Seller will cause the Target Group Companies to not take any of the following actions:

(i) sell, lease, license (other than non-exclusive licenses entered into in the Ordinary Course of Business), transfer, pledge, encumber, dispose of or assign any of the material properties, rights or assets of the Business, other than (A) in connection with goods or services provided in the Ordinary Course of Business, (B) sales of obsolete assets or (C) pursuant to Contracts in effect prior to the date of this Agreement that have been disclosed to Buyer prior to the date of this Agreement;

(ii) enter into any Material Contract or agree to any material modification, amendment, renewal or extension of, or terminate (in each case in whole or in part) any Material Contract or grant any material waiver under or give any material Authorization with respect to any Material Contract, other than (A) entry into or renewal of supplier or customer Contracts that are both (1) on commercially reasonable terms in respect of the Business and (2) in the Ordinary Course of Business, (B) renewals of Contracts pursuant to the exercise of renewal rights or options by the counterparty thereto, and (C) renewals of vendor Contracts in the Ordinary Course of Business;

(iii) except as required by any collective bargaining agreement in effect as of the date hereof (excluding as a result of any grievance pending as of the date hereof) or the terms of any Business Employee Plan existing as of the date hereof or as required by applicable Law, (A) increase in any manner the compensation or benefits of any current or former directors, officers, employees, or independent contractors (who are natural persons) of the Target Group or its Subsidiaries except that the base pay of an employee may be increased by no more than 10% as may be required to respond to a competitive employment offer, (B) pay or award, or commit to pay or award, any bonuses or incentive

compensation, (C) accelerate any rights or benefits under any Business Employee Plan, (D) accelerate the time of funding or payment of, or increase the amount required to fund, any Business Employee Plan, or fund any rabbi trust or similar arrangement associated with or intended to satisfy liabilities under any Business Employee Plan, (E) forgive any loans, or issue any loans (other than routine travel advances issued in the ordinary course of business) to any of its or its Subsidiaries' directors, officers, employees or independent contractors, (F) grant any new awards under any Business Employee Plan, (G) enter into, establish, amend or terminate any Business Employee Plan or any other agreement or arrangement which would be a Business Employee Plan if it were in effect on the date of this Agreement, (H) enter into, establish, amend, renegotiate or terminate any collective bargaining agreement, (I) hire any employee of a Target Group Company or any of its Subsidiaries or engage any other individual to provide services to the Target Group Company or any of its Subsidiaries, other than the hiring of employees to replace employees who were employees on or before the date hereof with base pay not in excess of \$175,000, (J) promote any employee who is an officer to a position more senior than such employee's position as of the date of this Agreement, or promote a non-officer employee to an officer position or (K) terminate the employment of any executive officer other than for cause;

(iv) enter into any Contract relating to the Business that provides for exclusivity, non-compete or any similar requirement under which Buyer or any of its Affiliates would after the Closing be restricted in any material respect;

(v) (A) issue, sell or transfer any equity securities, securities convertible, exchangeable or exercisable into equity securities, or warrants, options or other rights to acquire capital stock or other equity securities of the Target Group, (B) declare, set aside or pay any dividends or make any other distributions with respect to any of its capital stock or other securities, (other than cash dividends or dividends to a Target Group Company or the parent of a Target Group Company) or (C) redeem or repurchase, directly or indirectly, equity securities, securities convertible, exchangeable or exercisable into equity securities, or warrants, options or other rights to acquire capital stock or other equity securities of the Target Group;

(vi) adopt a plan of complete or partial liquidation, dissolution, restructuring, recapitalization or other reorganization;

(vii) (A) except as provided in clause (D) below, incur, assume or guarantee any Indebtedness that is not anticipated to be paid off prior to Closing, (B) except as provided in clause (D) below, to the extent such restriction is not prohibited by the ABL Credit Agreement (as defined in Schedule 1.1(e) of the Disclosure Schedules), suffer or permit any Lien to arise or be granted or incurred over any of its properties or assets or a portion thereof securing obligations in excess of \$15,000,000 individually or in the aggregate (other than Permitted Liens or Liens that will be removed or discharged prior to Closing), it being understood that any such Liens suffered or permitted to arise or granted or incurred while the ABL Credit Agreement is in effect shall be deemed incurred upon the termination of the ABL Credit Agreement on or prior to the Closing, (C) make any loans or advances to, or guarantees for the benefit of, any Person, in each case except in the Ordinary Course of Business or (D) incur any Finance Lease Obligations that would cause the Target Group's aggregate Liability in respect of all Finance Lease Obligations under GAAP or IFRS, as the case may be, to be in excess of \$240,000,000;

(viii) settle, discharge, abandon, satisfy, compromise or agree to settle, discharge, abandon, satisfy or compromise any pending or threatened Action, other than (A) in the Ordinary Course of Business or (B) that result in a monetary payment of \$1,000,000 or less individually or \$10,000,000 in the aggregate;

(ix) make any material change in the accounting methods used by the Target Group or the Business, unless required by GAAP or IFRS, as the case may be, or applicable Law;

(x) commence any Action, other than (A) in the Ordinary Course, (B) Actions seeking injunctive relief in order to prevent or mitigate potential harm to the Business or (C) counterclaims, motions for declaratory judgement or other Actions that are defensive in nature;

(xi) modify in any material respect its cash management customs and practices or its financial accounting methods or procedures, in each case except as required by GAAP or IFRS, as the case may be;

(xii) make any capital expenditures or commitments for capital expenditures or any series of related capital expenditures or commitments for capital expenditures, other than those included in the Target Group's 2020 year capital expenditure plan or that do not exceed \$25,000,000 in the aggregate;

(xiii) make, change or amend any Tax election, make a change in method of Tax accounting, prepared any Tax Returns in a manner that is inconsistent with the past practices of a Target Group Company with respect to the treatment of items on such Tax Returns, incur any Liability for Taxes other than in the Ordinary Course of Business, file an amended Tax Return or a claim for refund of Taxes with respect to the income, operations or property of a Target Group Company, or settle any claim relating to Taxes; or

(xiv) authorize, commit to, resolve, or agree in writing or otherwise to do any of the foregoing.

(c) Without limiting the operation of Section 6.1(a) and Section 6.1(b), (A) except as specifically set forth herein, nothing contained in this Agreement shall give Buyer, directly or indirectly, the right to control or direct the business and operations of the Target Group prior to the Closing, and (B) prior to the Closing, Seller shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over the business and operations of the Target Group.

(d) At or prior to the Closing, Seller shall (i) terminate or settle Seller's forfaiting arrangement, which includes the bills of exchange entered into by a Target Group Company or under which a Target Group Company is the drawee, in each case, entered into in connection with the delivery of products to the Target Group and (ii) take reasonable best efforts to replace ArcelorMittal USA as the servicer and administrator under the GMPA, in each case with no ongoing Liability to any Target Group Company or Buyer.

(e) If Seller or any Target Group Company determines to take any action or refrain from taking any action in accordance with Sections 6.1(a) (E) or 6.1(b)(E), then (i) prior to so doing, to the extent reasonably practicable and permitted by applicable Law, Seller shall inform and consult with Buyer, permit Buyer to review and discuss in advance, and consider in good faith the views of Buyer in connection with, any proposed action or inaction; provided, however, that Seller shall have the sole responsibility for devising and implementing the strategy for responding to such COVID-19 pandemic event and (ii) Seller shall keep Buyer reasonably informed of the status of all material matters relating to such COVID-19 pandemic event, the actions or inactions being taken by Seller or the Target Group Companies with respect thereto, and afford Buyer and its employees, accountants, consultants, legal counsel, financial advisors, financing sources and agents and other representatives, access to the Target Group Companies' personnel, properties, contracts and such other information concerning their business, properties and personnel as Buyer may reasonably request, in each case, in accordance with the terms of Section 6.2 and to the extent related to the COVID-19 pandemic event and Seller's and the Target Group Companies' response thereto.

(f) During the Pre-Closing Period, except (A) as set forth on Schedule 6.1(f) of the Buyer Disclosure Schedules, (B) as Seller may otherwise approve in writing (which approval shall not be unreasonably withheld, conditioned or delayed), (C) as otherwise expressly contemplated or required by

this Agreement or (D) as required by any Law or Order (including any “stay at home” or similar orders) applicable to Buyer or any of its Affiliates or their respective assets or operations, Buyer will not and will not permit its Subsidiaries to take the following actions:

(i) adopt or propose any change in Buyer’s Fourth Amended Articles of Incorporation or Regulations or other applicable governing instruments;

(ii) declare, set aside or pay any dividends or make any other distributions with respect to any of its capital stock or other securities, payable in cash, stock, property or otherwise, with respect to any of its capital stock or repurchase any Buyer Common Shares at a premium; provided that, in each case solely to the extent in compliance with the credit agreement, indentures and other contractual obligations of Buyer and its Subsidiaries, (x) Buyer may continue to declare and pay regular quarterly cash dividends to the holders of Buyer Common Shares, in each case in accordance with Buyer’s past practice, and (y) Buyer may give effect to dividend equivalent rights with respect to grants under Buyer Stock Plans or any similar Buyer plan;

(iii) acquire (by merger, consolidation, acquisition of stock or assets or otherwise), directly or indirectly, securities or assets outside of the ordinary course of business with a value or purchase price in the aggregate in excess of \$300,000,000 in any transaction or series of related transactions;

(iv) issue, sell, pledge, dispose of, grant, transfer, encumber, or authorize the issuance, sale, pledge, disposition, grant, transfer, lease, license, guarantee or encumbrance of, any shares of its capital stock, or securities convertible or exchangeable into or exercisable for any shares of such capital stock, or any options, warrants or other rights of any kind to acquire any shares of such capital stock or such convertible or exchangeable securities, other than the issuance of (A) any Buyer Common Shares upon the settlement of any grants made under any Buyer Stock Plans or any similar Buyer plan in accordance with the terms of those grants; (B) any Buyer Common Shares upon conversion of any Buyer Convertible Notes; (C) any securities of a Subsidiary of Buyer to Buyer or any other Subsidiary of Buyer; (D) any grants under the Buyer Stock Plans, or any similar Buyer plan, or in the ordinary course of business or (E) as may be required by any Contracts governing indebtedness;

(v) (A) merge or consolidate itself or any of its Subsidiaries with any other Person or (B) restructure, reorganize or completely or partially liquidate (except for any such transactions with respect to its wholly owned Subsidiaries);

(vi) reclassify, split, combine, subdivide or redeem, purchase or otherwise acquire, directly or indirectly, any of its capital stock or securities convertible or exchangeable into or exercisable for any shares of its capital stock;

(vii) transfer, sell, lease, license, mortgage, pledge, surrender, encumber, divest, cancel, abandon or allow to lapse or expire or otherwise dispose of any of its material assets, product lines or businesses or those of any of its Subsidiaries, including any equity interests of any of its Subsidiaries, except (other than with respect to equity interests of any Subsidiary of Buyer) (A) in connection with goods or services provided in the ordinary course of business, (B) sales of obsolete assets, (C) for sales, leases, licenses or other dispositions of assets with a fair market value not in excess of \$300,000,000 in the aggregate, or (D) pursuant to Contracts in effect prior to the date of this Agreement that have been disclosed to Seller prior to the date of this Agreement;

(viii) enter into any new line of business, or fundamentally change any existing line of business; or

(ix) authorize, commit to, resolve, or agree in writing or otherwise to do any of the foregoing.

Section 6.2 Access to Business. During the Pre-Closing Period, upon reasonable prior notice, at reasonable times, and except as determined in good faith by Seller to be appropriate to ensure compliance with Law (including any "stay at home" or similar orders made in response to the COVID-19 outbreak (and any future resurgence, evolution or mutation of COVID-19)), appropriate health and safety measures and any applicable confidentiality obligations owed to any third party or privileges (including the attorney-client privilege), Seller shall (a) afford Buyer and its Authorized Representatives reasonable access, during normal business hours, to the properties, personnel, books and records (including for the avoidance of doubt Tax records) of the Target Group and (b) provide to Buyer and its Authorized Representatives such financial and operating data and other information relating to the Target Group as such Persons may reasonably request; provided, however, that (x) such access and provision of information shall not unreasonably interfere with or disrupt the normal operations of the Business or the personnel or operations of the Target Group and (y) neither Buyer nor its Authorized Representatives shall conduct any invasive environmental investigation without Seller's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. All access and investigations pursuant to this Section 6.2 shall be conducted at Buyer's expense. Notwithstanding anything in this Agreement to the contrary, Seller shall not be required to provide copies of, access to or disclose any information (i) to Buyer that contains information relating to (1) any other business of Seller or its Affiliates (other than the Target Group Companies) or (2) individual performance or evaluation records or medical histories, (ii) any electronic mail records or (iii) where such provision of copies, access or disclosure would, in the reasonable judgment of Seller, as applicable, (1) jeopardize the attorney-client privilege or other immunity or protection from disclosure of Seller, as applicable, (2) conflict with any (x) Law (including any privacy Law), Order or privacy policy or notice applicable to Seller, as applicable, or any of its Affiliates or the assets, information or operation of the businesses of Seller, as applicable, (y) Contract to which Seller or any of its Affiliates is party or by which any of the assets or properties of Seller or any of its Affiliates are bound or Consent previously given by any Person or (z) other obligation of confidentiality, or (3) result in the disclosure of competitively sensitive information. Notwithstanding the foregoing, if the information or access rights provided to Buyer under this Section 6.2 are restricted in order to comply with confidentiality obligations or privileges or data privacy Laws, then Seller shall use commercially reasonable efforts to take such actions as are reasonably necessary so that Seller or the Target Group Companies are able to provide such information and access, as applicable, to Buyer or its Authorized Representatives as promptly as possible and without violating such confidentiality obligations or jeopardizing such privileges.

Section 6.3 Provision of Interim Financial Information. Within fifteen Business Days following the completion of each calendar month during the Pre-Closing Period, Seller and the Target Group Companies will cause to be provided to Buyer unaudited balance sheets, cash flow statements and income statements of the Target Group for such periods prepared in accordance with GAAP or IFRS, as the case may be and the Accounting Policies (the "Subsequent Financial Statements").

Section 6.4 Certain Authorizations and Consents. Upon the terms and subject to the conditions set forth in this Agreement, Buyer and Seller shall use their respective reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably necessary to consummate and make effective, the Transactions, including (a) subject to Section 6.5, the obtaining and maintaining of all necessary Authorizations from Governmental Entities and the making of all necessary registrations and filings and the taking of all reasonable steps to obtain and maintain an Authorization or to avoid an Action by, any Governmental Entity, (b) the obtaining and maintaining of all necessary Authorizations from third parties including the Authorizations listed on Schedule 6.4 of the Disclosure Schedules, and (c) the execution and delivery of any additional instruments necessary to consummate the Transactions and to fully carry out the purposes of this Agreement (it being understood that nothing in this Section 6.4 shall require (A) Buyer to (i) Consent to any action or omission that would be inconsistent with Section 6.1 or (ii) agree to amend or waive any provision of this Agreement or (B) Seller or its Affiliates to (i) amend or modify any Contract, (ii) modify, relinquish, forbear or narrow any rights, (iii) pay any non-de minimis consideration to any Person for the purpose of obtaining any such Consent, (iv) pay any non-de minimis costs or expenses of any Person resulting from the process of

obtaining such Consent or (v) create any Subsidiary of any Target Group Company or otherwise restructure any Target Group Company). Buyer acknowledges that certain Consents and waivers with respect to the transactions contemplated by this Agreement may be required from the parties to Contracts to which a Target Group Company is a party and that obtaining such Consents is not a condition to the consummation of the transactions contemplated hereby.

Section 6.5 Regulatory Matters.

(a) In furtherance and not in limitation of Section 6.4, (i) as promptly as practicable, but no later than ten days, after the date of this Agreement, Seller and Buyer will prepare and file or cause to be filed with the Antitrust Authorities a Notification and Report Form under the HSR Act with respect to the Transaction, (ii) as soon as reasonably practicable after the date of this Agreement, Seller and Buyer will prepare and file or cause to be filed with the Antitrust Authorities all other forms and filings required under all other Antitrust Laws (other than the HSR Act) with respect to the Transaction and (iii) Seller and Buyer shall respond promptly to any requests by Antitrust Authorities for additional information or documentary materials. All filing fees payable in connection with the filings required under the Antitrust Laws will be split equally by Buyer and Seller. Each Party will instruct its respective counsel to cooperate with the other Party and use its reasonable best efforts to facilitate and expedite the identification and resolution of any issues arising under the Antitrust Laws at the earliest practicable dates. Reasonable best efforts and cooperation include such Parties' undertaking (to the extent permitted by applicable Law and in each case regarding the Transactions and without waiving attorney-client or any other applicable privilege) to (i) furnish to one another such necessary information and reasonable assistance as a Party may reasonably request in connection with its preparation of any filing or submission that is necessary under the Antitrust Laws, (ii) cooperate in the filing of any substantive memoranda, white papers, filings, correspondence or other written or oral communications explaining or defending this Agreement, articulating any regulatory or competitive argument or responding to requests or objections made by the Antitrust Authorities or any Person under the Antitrust Laws and (iii) not take any action that would reasonably be expected to have the effect of delaying, impairing or impeding the receipt of any Consent of the type described in this Section 6.5. In connection therewith, each Party will (i) subject to applicable Laws, provide one another with a draft of any filing or submission and a reasonable opportunity to review such draft before making or causing to be made such filing or submission (excluding information not customarily shared by parties in transactions of this nature), (ii) not extend any applicable waiting or review periods or enter into any agreement with a Governmental Entity to delay or not consummate the Transactions on the Closing Date, except with the prior written Consent of the other Party, (iii) not have any substantive contact with any Governmental Entity in respect of any filing or Action contemplated by this Section 6.5 unless it has engaged in prior consultation with the other Parties and, to the extent permitted by such Governmental Entity, given the other Parties reasonable opportunity to participate (which, at the request of Buyer or Seller, as applicable, shall be limited to outside antitrust counsel only), and (iv) keep each other reasonably apprised of the status of any communications with, and any inquiries or requests for additional information from, the Antitrust Authorities, any applicable Governmental Entity, including, to the extent permitted under applicable Law, providing, or causing to be provided, to each other, copies of all material correspondence, filings, or communications between them or any of their Authorized Representatives, on the one hand, and any Governmental Entity or members of its staff, on the other hand, with respect to this Agreement and the Transaction. In exercising the foregoing rights, each Party shall act as reasonably and as promptly as practicable. Buyer has the responsibility for determining the strategy with respect to obtaining any such approvals or early terminations so long as such strategy is otherwise consistent with the terms of this Section 6.5 and in good faith consultation with Seller after giving due consideration to Seller's views. Any Party may reasonably designate any competitively sensitive material provided to the other under this Section 6.5 as "outside counsel only."

(b) In connection with resolving any impediments under any Antitrust Law and obtaining the Consents from the Governmental Entities contemplated by Section 6.5(a), Buyer shall, and shall cause its Affiliates, to use reasonable best efforts to obtain such Consents, including by negotiating, effecting and undertaking (or being required to agree or consent to) any sale, license, divestiture or

disposition or holding separate of, or any other remedy with respect to, or restriction on the conduct or operation of, any assets, properties or businesses of the Target Group. Notwithstanding the foregoing, none of Buyer or its Affiliates shall directly or indirectly be required to effect or undertake (or be required to agree or consent to) any sale, license, divestiture or disposition or holding separate of, or any other remedy with respect to, or restriction on the conduct or operation of, assets, properties or businesses that generated aggregate revenues that comprised more than five percent (5%) of ArcelorMittal USA LLC's consolidated revenues for the fiscal year ended December 31, 2019. Notwithstanding the foregoing or anything in this Agreement to the contrary, in no event shall Buyer, Seller or any of their respective Affiliates be obligated to commit to take any action pursuant to this Section 6.5(b), the consummation of which is not conditioned on the consummation of the Closing.

(c) Subject to Section 6.5(b), from the date of this Agreement through the date of termination of the required waiting period under the HSR Act or other approval or termination of applicable waiting period under any other Antitrust Law, Buyer and its Affiliates and Seller and its Affiliates will take reasonable best efforts to obtain such approvals or the expiration of the required waiting periods.

(d) Expenses. Except as otherwise provided in this Agreement, Buyer, on the one hand, and Seller, on the other hand, shall each bear their respective fees, commissions and other expenses incurred by them in connection with the negotiation and preparation of this Agreement and in preparing to consummate the Transactions, including the fees and expenses of their respective counsel, accountants and consultants.

Section 6.6 Notification of Certain Matters. During the Pre-Closing Period, each Party shall promptly notify the other Party of any occurrence of which it is aware that is reasonably likely to result in any of the conditions set forth in Article VIII becoming incapable of being satisfied; provided, however, that either Party's failure to give notice of any such occurrence as required pursuant to this Section 6.6 shall not be taken into account in determining whether the conditions to the Closing set forth in Article VIII have been satisfied.

Section 6.7 Seller Financing Cooperation.

(a) On or prior to the Closing, Seller shall use its reasonable best efforts to, and shall cause its Affiliates to use their reasonable best efforts to, and shall use its reasonable best efforts to cause any of its personnel and representatives (including legal and accounting representatives) to, use their reasonable best efforts to cooperate with Buyer as necessary in connection with the arrangement and obtaining of the Debt Financing as may be reasonably requested by Buyer and is customary for financing of such type (provided that such requested cooperation does not unreasonably interfere with the ongoing operations of Seller or any of its respective Affiliates and is otherwise consistent with the terms of this Agreement), including using reasonable best efforts to:

(i) (1) furnishing Buyer and the Debt Financing Sources as promptly as practicable with (x) the audited combined financial balance sheets and related statements of income and cash flows of ArcelorMittal USA LLC for the two most recently completed fiscal years ended at least 90 days before the Closing Date (the "Annual Financial Statements"), accompanied by the audit reports thereon of Deloitte & Touche LLP and (y) unaudited consolidated balance sheets and related statements of income and cash flows of ArcelorMittal USA LLC for any subsequent financial quarter and the portion of the fiscal year through the end of such quarter ended at least 45 days prior to the Closing Date and for the comparable period of the prior fiscal year, together with all related notes and schedules thereto (the "Pre-Closing Interim Financial Statements"), in the case of each of clauses (x) and (y), prepared in accordance with GAAP or IFRS, as the case may be, and (2) furnishing Buyer and the Debt Financing Sources as promptly as practicable with all other financial information reasonably necessary to allow Buyer to prepare pro forma financial statements (including for the most recent four fiscal quarter period ended at least forty-five (45) days prior to the Closing Date) prepared in accordance with GAAP or IFRS, as the case may be, which need not be prepared in compliance with Regulation S-X or include

adjustments for purchase accounting to the extent not customary in private placements pursuant to Rule 144A promulgated under the Securities Act, financial data, business and other information;

(ii) assist Buyer and the Debt Financing Sources with the preparation of materials for customary confidential information memoranda, lender presentations, syndication memoranda, bank information memoranda and similar documents for the Debt Financing;

(iii) taking reasonable steps to facilitate the granting of guarantees and the pledging, granting of security interests in, and otherwise granting of liens on, the assets of the Target Group pursuant to customary guarantee, pledge and security agreements to be effective from and after the Closing (including permitted field audits and collateral exams);

(iv) provide customary authorization letters to the Debt Financing Sources authorizing the distribution of information to prospective lenders (including customary 10b-5 and material non-public information representations), lien terminations (including UCC encumbrance terminations) and instruments of discharge to be delivered at the Closing;

(v) facilitate the execution and delivery of the definitive agreements with respect to any Debt Financing Agreements and any other credit agreements, guarantees, pledge and security documents, including blocked account and control arrangements, other definitive financing documents and other certificates or documents and back-up therefor and for legal opinions as may be reasonably requested by Buyer or Debt Financing Sources in each case to the extent such documents are required to be delivered in connection with the authorization of the Debt Financing Agreements and the execution and delivery of the Debt Financing Agreements in anticipation of the Closing; and

(vi) promptly, and in any event no later than four (4) Business Days prior to the Closing, providing all documentation and information that any lender, provider or arranger of any Debt Financing has reasonably requested at least eight Business Days prior to the Closing Date in connection with such Debt Financing under applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act 31 and Beneficial Ownership Regulation;

provided that (A) neither Seller nor any of its Affiliates shall be required to pay any commitment or other similar fee or incur any cost or expense in connection with complying with this Section 6.7(a) in connection with the Debt Financing, (B) the effectiveness of any documentation executed by the Target Group with respect to the Debt Financing (except (1) the authorization letters set forth above and (2) any certificate of any member of the Target Group reasonably requested by Buyer's counsel in connection with the delivery of any legal opinions such counsel may be required to deliver) shall be subject to the completion of the Closing, (C) neither Seller nor any of its Affiliates, nor any of their respective directors, officers, employees, stockholders or other Authorized Representatives shall be required to incur any Liability under any credit agreement or related document or any other agreement or document related to the Debt Financing (except that the Target Group may incur such liabilities to the extent effective only upon and after the Closing) and (D) none of Seller, its Affiliates or any of their respective Authorized Representatives shall be required to take or permit the taking of any action that would (i) require Seller, any of its Affiliates or any of their respective Authorized Representatives to pass resolutions or consents to approve or authorize the execution of the Financing or execute or deliver any certificate, document, instrument or agreement (other than customary authorization letters), (ii) cause any representation or warranty in this Agreement to be breached by Seller or any of its Affiliates, (iii) (x) reasonably result in a violation or breach of, or a default (with or without notice, lapse of time, or both) under any Contract to which Seller or any of its Affiliates is a party or the organizational documents of Seller or its Affiliates or any Laws or (y) provide access to or require the disclosure of any information that Seller or any of its Affiliates determines would jeopardize any attorney-client or other legal privilege of Seller or any of its Affiliates (it being agreed that Seller and Buyer shall reasonably cooperate to cause such information to be provided, to the extent reasonably possible, in a manner that would not reasonably be expected to violate the applicable restriction), or (iv) require the preparation of any financial statements or information

that are not reasonably available to it or prepared in the ordinary course of its financial reporting practice other than the Annual Financial Statements and Pre-Closing Interim Financial Statements referred to in clause (i) above or (v) require Seller or any of its Affiliates, prior to the Closing, to be a borrower or other obligor with respect to the Debt Financing.

(e) Seller and the Target Group hereby consent to the reasonable use by Buyer and the relevant financial institutions prior to the Closing of all of their relevant logos, names and trademarks in connection with the syndication of the Debt Financing; provided, that such logos, names and trademarks shall be used solely to describe the historical connection with the Business in a factual manner that is not intended or reasonably likely to harm or disparage Seller or the Target Group, or their respective reputation or goodwill.

(f) Buyer shall (a) promptly, upon reasonable request by Seller, reimburse Seller and its Affiliates for all reasonable and documented out-of-pocket fees, costs and expenses incurred by Seller and its Affiliates in connection with the cooperation and assistance contemplated by this Section 6.7 and (b) indemnify and hold harmless Seller and its Affiliates, and their respective pre-Closing directors, officers, employees, partners, agents and representatives, from and against any and all Liabilities suffered or incurred by them in connection with the arrangement of the Debt Financing and any information utilized in connection therewith, except to the extent that any of the foregoing arises from the bad faith, gross negligence, willful misconduct of, or material breach of this Agreement by, Seller and its Affiliates, or any of their respective pre-Closing directors, officers, employees, agents and Authorized Representatives, as applicable.

(g) Notwithstanding anything in this Agreement to the contrary, (i) the Parties acknowledge and agree that the provisions contained in this Section 6.7 represent the sole obligation of Seller, its Subsidiaries and their respective Authorized Representatives with respect to cooperation in connection with the arrangement of any financing (including the Debt Financing) to be obtained by Buyer or any of its Subsidiaries with respect to the Transactions and no other provision of this Agreement shall be deemed to expand such obligations and (ii) unless Seller willfully and materially (other than with respect to the providing of the Annual Financial Statements and Pre-Closing Interim Financial Statements, which shall not be subject to such qualifier) breaches this Section 6.7 and such breach is the primary cause for the failure of the proceeds of the Debt Financing necessary to consummate the Transactions to be made available to Buyer, the breach by Seller, and any of its Subsidiaries or any of their respective Representatives of their obligations set forth in this Section 6.7 shall not be taken into account with respect to whether any condition to the Closing set forth in this Agreement shall have been satisfied or any right to terminate this Agreement shall be exercisable. In no event shall the receipt or availability of any funds or financing (including, for the avoidance of doubt, the Debt Financing) by Buyer or any of its Subsidiaries be a condition to any of Buyer's obligations under this Agreement.

Section 6.8 Use of Names.

(a) Buyer hereby acknowledges and agrees that all right, title and interest in, to and under the Trademarks owned prior to the Closing by Seller and its Affiliates (other than the Trademarks included in the Registered Intellectual Property) including such Trademarks listed on Schedule 6.8 of the Disclosure Schedules, are, and following the Closing will be, owned exclusively by Seller and its Affiliates (other than the Target Group Companies), and that neither Buyer nor any of its Affiliates (including the Target Group Companies) shall use any such Trademarks following the Closing, except in accordance with this Section 6.8. To the extent that the Target Group Companies own any right, title or interest in any Trademark that includes, incorporates or consists of the name "ArcelorMittal" (whether or not in combination with other Trademarks) or any other Trademarks listed on Schedule 6.8 of the Disclosure Schedules, the Target Group Companies hereby assign to Seller, with effect immediately prior to the Closing, all such right, title and interest, together with all goodwill associated with or symbolized by such Trademarks.

(b) Buyer shall, and shall cause its Affiliates to, as soon as practicable after Closing, but in any case not later than within the three (3) months following the Closing Date, to re-name the Target Group Companies in such way that their company names no longer include, incorporate or consist of any "ArcelorMittal" designations or names, or any other Trademarks owned prior to the Closing by Seller and its Affiliates, or any variation of any of the foregoing or any derivatives or components thereof, or any confusingly similar designations or Trademarks confusingly similar thereto, derived therefrom or containing the key elements thereof. The Target Group Companies shall promptly deliver to Seller any relevant documentation evidencing such name change, including any name change amendment and name change notice filed with or submitted to any Governmental Entity in each jurisdiction in which any such Target Group Company is qualified to do business.

(c) The Target Group Companies may continue to use, for a transitional period of up to six (6) months following the Closing Date, the designation or logo "ArcelorMittal" (irrespective of whether used online or offline) on existing marketing materials and brochures and existing inventory, products and raw materials that, in each case, are already labelled with such designation or logo as of the Closing Date. Such use shall be solely in the United States of America and solely in the manner as such designation or logo were used by the Business immediately prior to the Closing Date, and for the sole purpose of transitioning away from such designation and logo after the Closing Date. Under no circumstances shall the Target Group Companies use such designation or logo in any manner that may damage or tarnish the reputation of Seller or its Affiliates or the value of or goodwill associated with such designation or logo, or in any other manner detrimental to Seller or its Affiliates. Upon the expiration of such six (6) month period, the relevant Target Group Companies shall cease using the designation, name and logo "ArcelorMittal" or any derivatives or components thereof or any confusingly similar designations, names or logos for any of the foregoing purposes.

(d) Upon the Closing, and except as expressly permitted pursuant to the License Agreement, the Target Group Companies shall (and Buyer shall cause Target Group Companies to) cease any use of any Intellectual Property that is owned by Seller or its Affiliates (other than, for the avoidance of doubt, Owned Intellectual Property).

Section 6.9 Guarantees; Credit Support.

(a) To the extent not released at Closing, Seller shall use commercially reasonable best efforts from and after the Closing to as promptly as practicable cause the Target Group to be released as a party to any guarantees, indemnities, counter-indemnities, letters of comfort, letters of credit or similar agreements entered into by Seller or any of its Affiliates (other than the Target Group) and to which a member of the Target Group is a party that are not related to the Business, including those set forth on Schedule 6.9(a) of the Disclosure Schedules (each, a "Business Guarantee").

(b) To the extent not released at Closing, Buyer shall use commercially reasonable best efforts from and after the Closing to as promptly as practicable cause Seller and its Affiliates (and, in the case of any letters of credit issued by third party financial institutions in connection with (i) the letter of credit facility dated as of July 31, 2019, by and among, among others, ArcelorMittal S.A., Banco Bilbao Vizcaya Argentaria, S.A., Coöperatieve Rabobank U.A., ING Bank N.V., and Intesa Sanpaolo S.p.A. and (ii) the continuous counter-indemnity in respect of guarantee and documentary letter of credit facilities dated as of October 1, 2014 between ArcelorMittal S.A. and Citibank, such financial institutions) to be released as a party to any guarantees, indemnities, collateral, counter-indemnities, letters of comfort, letters of credit or similar agreements entered into by Seller or any of its Affiliates (or such financial institutions) for the benefit of, on behalf of, or with respect to, a member of the Target Group or the Business, including those set forth on Schedule 6.9(b) of the Disclosure Schedules (each, a "Financial Assurances").

Section 6.10 Termination of Certain Intercompany Accounts; Payment. Seller hereby agrees that effective as of immediately prior to and effective as of the Closing, except for (i) the Transaction

Documents and the other agreements and instruments required to be delivered pursuant hereto or thereto and (ii) the Contracts set forth on Schedule 6.10 of the Disclosure Schedules, all Contracts, commitments, transactions, intercompany assets or intercompany Liabilities, between any Target Group Company, on the one hand, and Seller or any of its Affiliates (other than the Target Group Companies), on the other hand (such Contracts the "Intragroup Agreements") shall be terminated, cancelled, netted or otherwise addressed such that after giving effect to the Closing, Seller or its Affiliates (other than the Target Group Companies), on the one hand, or the Target Group Companies, on the other hand, shall have no further Liability to the other in respect of such Intragroup Agreements. For the avoidance of doubt, any Taxes incurred by any Target Group Company as a result of any actions taken pursuant to the immediately foregoing sentence shall be Pre-Closing Taxes.

Section 6.11 Insurance. Following Closing, Seller will and will cause its Affiliates to use commercially reasonable best efforts to (i) cooperate with Buyer in submitting claims for periods prior to Closing under insurance policies with respect to the Business that were maintained by Seller and its Affiliates prior to Closing and for which coverage is available and (ii) to promptly pay over to Buyer any amounts that Seller or its Affiliates actually receives under such insurance to the extent exclusively relating to losses suffered by Buyer or its Affiliates with respect to the Business for periods prior to the Closing. Following the Closing, Buyer will promptly reimburse Seller and its Affiliates for all reasonable and documented out-of-pocket fees, costs and expenses (including payment of deductibles, retentions, costs of recovery, increase in premiums and similar amounts) incurred or paid by Seller or its Affiliates in connection with any of the matters contemplated by this Section 6.11.

Section 6.12 Assets of the Business. If at any time following the Closing it becomes apparent that any asset (tangible or intangible) that should have been transferred to Buyer pursuant to this Agreement was not so transferred, or any asset (tangible or intangible) not related to the Business was inadvertently transferred to Buyer, Seller shall, and shall cause its applicable Affiliates to, and Buyer shall, and shall cause its applicable Affiliates to, in each case, as promptly as practicable, (A) transfer all rights, title and interest in such asset to Buyer, the Target Group Companies, or as Buyer may direct, or to Seller or as Seller may direct, as applicable, in each case for no additional consideration; and (B) hold its right, title and interest in and to such asset in trust for the applicable transferee until such time as the transfer is completed.

Section 6.13 Confidential Information; Information Required for the Business.

(a) The terms of the Confidentiality Agreement shall be deemed incorporated herein by reference as if set forth herein and, notwithstanding the Closing or any termination of this Agreement prior to the Closing, the Confidentiality Agreement shall continue in full force and effect in accordance with its terms except that, upon the Closing, Buyer's obligations thereunder with respect to Transaction Information (as such term is defined in the Confidentiality Agreement), exclusively related to the Target Group or the Business, shall terminate. With respect to Transaction Information that does not exclusively relate to the Target Group or the Business, such Transaction Information shall remain subject to (i) the terms and conditions of the Confidentiality Agreement for three (3) years after the Closing Date and (ii) the terms of the IP License Agreement (to the extent applicable).

(b) For a period of three (3) years after the Closing Date, Seller shall, and shall instruct Seller's agents, representatives and Affiliates to, keep in strict confidence, and shall not directly or indirectly, at any time, disclose, furnish, disseminate, publish, or make available, disclose any Confidential Information (with the exception of Trade Secrets which shall be protected until such time as they are no longer trade secrets under applicable law) exclusively relating to the Target Group, the Business or the assets of the Target Group, or the Buyer, except (i) as required to comply with Contracts, audits, applicable Law, legal or regulatory process, (ii) as required or requested by any Governmental Entity, (iii) as required in connection with the preparation of financial statements or Tax filings or in response to an audit or similar process and (iv) to Buyer and its Authorized Representatives. Seller may disclose such Confidential Information to those of its Authorized Representatives as may be reasonably necessary to

carry out the provisions of this Agreement; provided, that before any such disclosure, Seller shall make those Authorized Representatives aware of their obligations of confidentiality under this Agreement and shall at all times use reasonable best efforts to procure compliance by, and be responsible for any noncompliance by, those Authorized Representatives with such confidentiality obligations.

(c) Subject to Section 6.15(b), Seller specifically acknowledges (i) that all Confidential Information relating to Buyer or exclusively relating to the Target Group, the Business or the assets of the Target Group, whether reduced to writing, maintained on any form of electronic media, or maintained in the mind or memory of Seller's Authorized Representatives, derives independent economic value from not being readily known to or ascertainable by proper means by others who can obtain economic value from its disclosure or use, (ii) that reasonable efforts have been made by Seller and the Target Group prior to Closing to maintain the secrecy of such information, related to the Target Group and the Business, (iii) upon Closing, such information is the sole property of Buyer and the Target Group, and (iv) any retention and use of such information by Seller after the Closing constitutes a misappropriation of the trade secrets of Buyer.

(d) In the event that Seller shall be legally compelled or required by any Governmental Entity to disclose any Confidential Information regarding the Target Group, the Business or the assets of the Target Group, Seller shall promptly provide written notice to Buyer to enable Buyer to seek a protective Order, in camera process or other appropriate remedy to avoid public or third-party disclosure of such Confidential Information, in each case at the sole cost and expense of Buyer. In the event that such protective Order or other remedy is not obtained, Seller shall furnish only so much of such Confidential Information regarding the Target Group, the Business or the assets of the Target Group as it is legally compelled to disclose (upon advice of legal counsel) and shall exercise its commercially reasonable efforts to obtain reliable assurance that confidential treatment will be accorded such Confidential Information. Such Confidential Information shall otherwise remain subject to the provision of this Section 6.13. Seller shall cooperate with and assist Buyer in seeking any protective order or other relief requested pursuant to this Section 6.13, in each case at the sole cost and expense of Buyer.

Section 6.14 Public Announcements. Neither Party nor any of their respective Affiliates shall issue any press release or make any public statement with respect to this Agreement or the Transactions, except as (a) agreed to by the other Party or (b) required by applicable Laws (including securities Laws) or rules or regulations of any United States or foreign securities exchange, in which case the Party required to make the release or announcement will allow such other Party reasonable time to comment on such release or announcement in advance of such issuance. Notwithstanding the foregoing sentence, (x) without prior consultation, each Party (i) may communicate information that is not Confidential Information of the other Party and that is consistent with prior public statements and disclosures with financial analysts, investors and media representatives in the ordinary course of business and in a manner consistent with its past practice in compliance with applicable Law and (ii) may disseminate information included in a press release or other document already approved for external distribution by the other Parties and (y) to the extent disclosure is required by applicable Law or the rules of any stock exchange, the Party seeking to make such disclosure shall promptly notify the other Party thereof and the Parties shall use efforts reasonable under the circumstances to cause a mutually agreeable release or announcement to be issued.

Section 6.15 Record Retention and Access.

(a) From and after the Closing Date and for a period consistent with Seller's and Buyer's record retention policies, as applicable, each of Buyer and Seller shall (and Buyer and Seller shall cause their respective Affiliates to) use commercially reasonable efforts to (i) preserve all records held by them and the Target Group Companies relating to the Business prior to the Closing (the "Business Books and Records"), (ii) give Buyer or Seller, as the case may be, and its Authorized Representatives reasonable access to (x) its Authorized Representatives, including employees, for any reasonable purpose, including as may be necessary for (A) the preparation of Tax Returns and financial statements and (B) complying with any audit request, subpoena or other investigative demand by any Governmental

Entity or for any Action, subject in all cases to reasonable restrictions imposed from time to time upon advice of counsel in respect of applicable Laws or contractual requirements relating to the confidentiality of information (including any Antitrust Laws), and (iii) maintain all such Business Books and Records in accordance with the record retention policies of Buyer or Seller, as applicable. All access provided pursuant to this Section 6.15 shall be (i) conducted during normal business hours upon reasonable advance notice to Buyer or Seller, as applicable, (ii) conducted in such a manner as not to interfere unreasonably with the normal operations of the businesses of Buyer or Seller, as applicable and its Affiliates and (iii) conducted at Buyer's or Seller's, as applicable sole cost and expense, and Buyer or Seller, as applicable shall have the right to have one or more of its Authorized Representatives present at all times during any visits, examinations, discussions or contacts contemplated by this Section 6.15. Notwithstanding anything in this Agreement to the contrary, neither Party shall be required to provide copies of, access to or disclose (i) any information to the other Party that contains information relating to (1) any other business of Buyer or Seller, as applicable, or its Affiliates (other than the Target Group Companies) or (2) individual performance or evaluation records or medical histories, (ii), subject to Section 6.15(b), any electronic mail records, (iii) where provision of such copies, access or disclosure would, in the reasonable judgment of Buyer or Seller, as applicable, (1) jeopardize the attorney-client privilege or other immunity or protection from disclosure of Buyer or Seller, as applicable, (2) conflict with any (x) Law (including any privacy Law), Order or privacy policy or notice applicable to Buyer or Seller, as applicable, or any of its Affiliates or the assets, information or operation of the businesses of Buyer or Seller, as applicable, (y) Contract to which Buyer or Seller, as applicable, or any of its Affiliates is party or by which any of the assets or properties of Buyer or Seller, as applicable, or any of its Affiliates are bound or Consent previously given by any Person or (z) other obligation of confidentiality, (3) result in the disclosure of competitively sensitive information or (iv) any consolidated, group, unitary or combined Tax Return (whether prepared by Buyer or Seller) that includes both a Target Group Company and a non-Target Group Company (provided that in such a case Buyer and Seller shall provide the pro-forma Tax Returns for such Target Group Company to the other Party in lieu thereof). Notwithstanding the foregoing, if the Parties are in an adversarial relationship in any Action, the furnishing of information, documents or records in accordance with this Section 6.15(a) shall be subject to any applicable rules relating to discovery.

(b) Notwithstanding anything in this Agreement to the contrary, Seller and its Affiliates shall have the right to retain, following the Closing, copies of any Business Books and Records relating to the Target Group Companies, and any system associated with such Business Books and Records or such other information which Seller in good faith determines it or any of its Affiliates is reasonably likely to need access for bona fide business or legal purposes.

Section 6.16 Restrictive Covenants.

(a) Seller agrees that neither it nor any of its Affiliates shall directly or indirectly for the period beginning on the Closing Date and ending on the 18th month anniversary of the Closing Date (the "Restriction Period"), solicit, hire, engage, or retain (or arrange to have any other Person do so) any individual who is or has been at any time during the period commencing on the date of this Agreement and ending upon the expiration of the Restriction Period, an employee of the Target Group or Buyer; provided, however, that (i) general solicitations for employment that are not directed at such employee shall be permitted (including through the use of employment agencies, or in a newspaper, magazine or other publication, or on the internet or other electronic listing), (ii) Seller and its Affiliates shall not be restricted in hiring any such Person who responds to any such general solicitation and (iii) the foregoing shall not be deemed to prevent Seller or any of its Affiliates from employing any Person who has not been employed by any Target Group Company or Buyer for at least three (3) months. The provisions of this Section 6.16(a) shall apply mutatis mutandis to Buyer with respect to the Retained Employees.

(b) It is in the intention of the parties that if any of the restrictions or covenants contained in this Section 6.16 are held to cover a geographic area, a range of activities or to be for a length of time which is not permitted by Law, or in any way construed to be too broad or to any extent

invalid, such provision shall not be construed to be null, void and of no effect, but to the extent such provision would be valid or enforceable under Law, a court or other tribunal of competent jurisdiction shall construe and interpret or reform this Section 6.16 to provide for a covenant having the maximum enforceable geographic area, range of activities, time period and other provisions (not greater than those contained herein) as shall be valid and enforceable under such Law.

Section 6.17 Misdirected Funds. If, after Closing (a) any cash or funds relating to the Business is received by Seller or its Affiliates (other than the Target Group) and such cash or funds is properly and reasonably for the account of Buyer or any of its Affiliates (including the Target Group), then Seller shall promptly pay (or cause its Affiliate to pay) such cash or funds to Buyer or any of its relevant Affiliates, (b) any cash or funds relating to the Business is paid by Seller or its Affiliates (other than the Target Group) and such cash or funds should properly and reasonably have been paid by Buyer or any of its Affiliates (including the Target Group), then Buyer shall promptly pay (or cause its Affiliate to pay) such cash or funds to Seller, (c) any cash or funds relating to Seller's and its Affiliates' business (other than the Target Group) is received by Buyer or its Affiliates (including the Target Group) and such cash or funds is properly and reasonably for the account of Seller or any of its Affiliates, then Buyer shall promptly pay (or cause its Affiliate to pay) such cash or funds to Seller or any of its relevant Affiliates, or (d) any cash or funds relating to Seller's or its Affiliates' business (other than the Target Group) is paid by Buyer or its Affiliates (including the Target Group) and such cash or funds should properly and reasonably have been paid by Seller or any of its Affiliates, then Seller shall promptly pay (or cause its Affiliate to pay) such cash or funds to Buyer.

Section 6.18 PBGC Coordination. From and after the date of this Agreement, Seller will notify Buyer promptly of any notice or other communication received by any Target Group Company or any of its Subsidiaries from the PBGC regarding any defined benefit pension plan of a Target Group Company or any of its Subsidiaries. In the event of any such notice or communication, Seller will consult with Buyer, with respect to (i) any communications with the PBGC or its representatives and (ii) will not enter into any Contract with the PBGC without Buyer's prior written consent (which shall not be unreasonably withheld, conditioned or delayed).

Section 6.19 Employees.

(a) For a period beginning at the Effective Time and ending on the twelve-month anniversary thereof (the "Continuation Period"), Buyer will, or will cause the applicable Target Group Company to, provide to each employee who is employed by the Target Group or its Subsidiaries on the Closing Date (each, a "Company Employee") for so long as such Company Employee remains an employee of Buyer or the Target Group or its Subsidiaries during the Continuation Period, (i) base salary or regular hourly wage, (ii) annual incentive compensation opportunity, (iii) severance benefits and (iv) employee compensation and benefits in the aggregate that are, no less favorable than the base salary or regular hourly wage, annual incentive compensation opportunity, severance benefits and employee compensation and benefits in the aggregate that were provided by the Target Group and its Subsidiaries to such Company Employee immediately before the Effective Time; provided, however, that the requirements of this sentence shall not apply to Company Employees who are covered by a collective bargaining agreement. Seller agrees to provide to Buyer such information as Buyer may reasonably request to comply with this Section 6.19. Following the Closing, Buyer and its Affiliates agree to honor, in accordance with their terms, the agreement entered between the Target Group Company or its Subsidiaries and any Business Employee, other than, for the avoidance of doubt, any Retained Employee, in the form of the change in control agreement template provided in folder 7.3.4.1 of the Seller Data Room other than, for the avoidance of doubt, the Retained Agreements.

(b) Any equity incentive awards (including restricted shares, restricted stock units, deferred shares, performance shares, stock options, etc.) held by a Company Employee pursuant to a plan or arrangement of Seller or any of its Affiliates shall become fully vested and non-forfeitable on the

Closing Date, and all stock options shall remain outstanding for the original term of such options as if such Company Employee had remained in the continuous employment of Seller and its Affiliates.

(c) For purposes of vesting, eligibility to participate and benefit entitlement (but excluding benefit accruals) under the employee benefit plans of Buyer and its Affiliates providing benefits to any Company Employees after the Effective Time as required pursuant to Section 6.19(a) (the "New Plans"), each Company Employee will be credited with his or her years of service with the Target Group and its Subsidiaries before the Effective Time to the extent such service was recognized by the Target Group and its Subsidiaries under any similar Business Employee Plan in which such Company Employee participated or was eligible to participate immediately prior to the Effective Time, except to the extent such credit would result in a duplication of benefits. In addition, to the extent such Company Employee is eligible to participate in a New Plan pursuant to Section 6.19(a), and without limiting the generality of the foregoing, (i) Buyer will use best efforts (including by directing its third party insurance providers or third party administrators) to waive any waiting time in any and all New Plans of the same type as any Employee Plans in which such Company Employee participated immediately before the consummation of the transactions contemplated hereby (such plans, collectively, the "Old Plans"), and (ii) for purposes of each New Plan providing medical, dental, pharmaceutical or vision benefits to any Company Employee, Buyer will ensure that all pre-existing condition exclusions and actively-at-work requirements of such New Plan are waived for such employee and his or her covered dependents. Buyer will ensure that the Company Employee is given credit, under the applicable New Plan providing medical, dental, pharmaceutical or vision benefits, for amounts paid prior to the Effective Time during the year in which the Effective Time occurs under a corresponding Old Plan during the same period for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such employee and his or her covered dependents as though such amounts had been paid in accordance with the terms and conditions of the New Plan.

(d) If requested in writing by Buyer at least five Business Days prior to the Effective Time, the Target Group will take (or cause to be taken) all actions necessary to terminate, effective no later than the Business Day immediately prior to the Effective Time, any of the Target Group's 401(k) plan (the "Terminated Plans"). Seller shall provide Buyer with evidence that such Terminated Plans have been terminated (the form and substance of which shall be subject to review and approval by Buyer) not later than the Business Day immediately preceding the Effective Time. Buyer shall permit each eligible Company Employee to become a participant in a 401(k) plan of Buyer or any of its Subsidiaries (the "Buyer 401(k) Plans") and make rollover contributions of "eligible rollover distributions" (within the meaning of Section 401(a)(31) of the Code, including all participant loans) in cash or notes in an amount equal to the eligible rollover distribution portion of the account balance distributed to each such Company Employee from such plan to the Buyer 401(k) Plans. Prior to the Closing Date, Seller shall remove the employees set forth on Schedule 1.1(a) of the Disclosure Schedules from their employment with any Target Group Company and transfer such employees to any Affiliate of Seller (other than to a member of the Target Group), and any and all Liabilities relating to such employee shall be assumed by such Affiliate of Seller (and, for the avoidance of doubt, such employees will not be considered Company Employees and Buyer will have no Liability with respect to any such employees).

(e) Nothing in this Agreement, expressed or implied, will (i) confer upon any Company Employee or any other Person any right to continue in the employ or service of Buyer, the Target Group or any of their Affiliates, or will interfere with or restrict in any way the rights of Buyer, the Target Group or any of their Affiliates, which rights are hereby expressly reserved, to discharge or terminate the services of any Company Employee or any Person at any time for any reason whatsoever, with or without cause, (ii) constitute an amendment to any Business Employee Plan or any employee benefit or compensation plan of Buyer or any of its Affiliates, (iii) obligate Buyer, the Target Group or any of their Affiliates to maintain any particular compensation or benefit plan, program, arrangement, policy or contract, or (iv) prevent Buyer, the Target Group or any of their Affiliates from amending or terminating any of their benefit plans in accordance with their terms. Notwithstanding any provision in this Agreement to the contrary, nothing in this Section 6.19 will create any third party beneficiary rights in any current or

former service provider of the Company or its Affiliates, or any beneficiaries, dependents, or collective bargaining representative thereof, or in any other Person.

(f) Buyer shall take and cause its Affiliates to take all steps required to be taken pursuant to Seller's labor agreements (set forth on Schedule 6.19(f) of the Disclosure Schedules) by a potential purchaser in connection with the sale of Seller's business, stock or assets to such purchaser, to the extent such obligations are consistent with applicable Law, including, but not limited to, the recognition of all affected unions, the establishment by agreement with the unions of terms and conditions of employment of the employees covered by those labor agreements (to be effective as of the Closing Date), the assumption or continuation of all applicable labor agreements and any other obligation required by the labor agreements set forth on Schedule 6.19(f) of the Disclosure Schedules, and Seller shall reasonably cooperate with Buyer in connection therewith. Prior to the Closing Date, Seller shall (i) assign the collective bargaining agreement identified on Schedule 1.1(f)(ii), covering the Retained Employees in the research department at the Indiana Harbor facility, and all obligations thereunder, and (ii) transfer the Retained Employees covered by that agreement, to a member of the Seller Group that is not a member of the Target Group.

(g) Seller or its applicable Affiliate shall take all actions necessary to cause the Retained Agreements to be assigned to Seller prior to the Closing Date. Seller will retain all Liabilities will respect to the Retained Agreements. For the avoidance of doubt, this Section 6.19(g) applies to the Retained Agreements without regard to which entity employs the party to the Retained Agreement after the Closing Date.

Section 6.20 Pension Transfer.

(a) Prior to the Closing Date, Seller shall establish (or cause an Affiliate to establish) a tax-qualified defined benefit pension plan and a related trust (collectively, "Seller Pension Plan") to accept a transfer of assets and liabilities from the ArcelorMittal USA LLC Pension Plan (or any successor plan) ("AM Pension Plan"). Effective as of the Closing Date, in accordance with the provisions of this Section 6.20, all liabilities for benefits (including ancillary benefits) accrued under the AM Pension Plan for the Adjusted Retained Employees (as defined below) will transfer to and be assumed by the Seller Pension Plan. Without limiting the generality of the foregoing, following the Closing Date, the Seller Pension Plan shall provide to the Adjusted Retained Employees all benefits (including ancillary benefits) earned by such individuals under the AM Pension Plan, up to the Closing Date. For purposes of this Section 6.20, "Adjusted Retained Employees" shall mean each Retained Employee whose employment with Seller or its Affiliates has remained intact to the Closing Date.

(b) As soon as reasonably practicable after the Closing Date, Buyer shall cause a transfer of assets from the AM Pension Plan to the Seller Pension Plan, and Seller shall cause the Seller Pension Plan to accept such transfer. The amount of such transfer shall be equal to the assets of the AM Pension Plan allocated as of the Closing Date with respect to the Retained Employees under the rules of Section 414(l) of the Code (the "Retained Employee Pension Amount"). The value of benefit liabilities taken into account for purposes of the calculation of the Retained Employee Pension Amount shall be calculated using the actuarial assumptions mutually agreed to by the Buyer's Actuary (as defined below) and Seller's Actuary (as defined below), in accordance with the requirements of Section 414(l) of the Code. The transfer of the Retained Employee Pension Amount will be in cash or, if agreed to by Buyer and Seller, in-kind. The "Buyer's Actuary" will be an actuary of Willis Towers Watson, and the "Seller's Actuary" will be an actuary of Aon.

(c) Within a sufficient period of time prior to any transfer described in Section 6.20(b), Seller shall deliver to Buyer the Seller's Actuary determination of the Retained Employee Pension Amount. Unless Buyer notifies Seller of an objection to the Seller's Actuary determination of the Retained Employee Pension Amount within 30 calendar days following Seller's delivery of the Seller's Actuary determination, such determination will become final and binding on Seller, Buyer, and their respective

Affiliates. Any notice of objection from Buyer must be in writing and specify in reasonable detail the nature of any objection. If such notice of objection is made, the actuarial review process set forth in Section 6.20(d) shall be followed.

(d) In the event that Buyer provides a notice of objection pursuant to Section 6.20(c), Seller's Actuary and Buyer's Actuary will discuss such determinations objected to (the "Disputed Calculations") in good faith and seek to reach an agreement during the 20 calendar day period following Seller's receipt of such notice of objection. If the Seller's Actuary and Buyer's Actuary reach agreement within such 20 calendar day period, such agreed upon determination of the Retained Employee Pension Amount shall be final and binding on Seller, Buyer, and their respective Affiliates. In the event the Seller's Actuary and Buyer's Actuary are unable to reach an agreement on the Disputed Calculations during such 20 calendar day period or Seller's Actuary and Buyer's Actuary cannot agree on the actuarial assumptions pursuant to Section 6.20(b), they will jointly select and retain an actuary of Mercer (the "Independent Actuary") within 14 calendar days of failing to reach agreement. The Independent Actuary shall be instructed to determine and resolve the Disputed Calculations or select actuarial assumptions, as applicable, pursuant to the terms set forth in this Section 6.20 within 20 calendar days after selection of the Independent Actuary. The Independent Actuary's selection of actuarial assumptions or final determination of the Disputed Calculation, as applicable, will be final and binding on Seller, Buyer, and their respective Affiliates unless, with respect to the Disputed Calculation, there is an arithmetic error in the Independent Actuary's final determination of the Disputed Calculation. The costs of the Independent Actuary will be borne by the Buyer and Seller in equal amounts.

(e) All transfers contemplated by this Section 6.20 shall be conducted in compliance with ERISA, the Code, and any other applicable Laws. Buyer and Seller, and their designated representatives, shall cooperate and use commercially reasonable efforts to accomplish the actions contemplated in this Section 6.20 as soon as reasonably practicable after the Closing Date, or if earlier, by the date specified for such action in this Section 6.20. Seller shall be responsible for the payment for all costs of Seller's Actuary and for all other fees and expenses incurred by Seller in connection with this Section 6.20. Buyer shall be responsible for the payment for all costs of Buyer's Actuary and for all fees and expenses incurred by Buyer in connection with this Section 6.20.

Section 6.21 Exclusivity. During the Pre-Closing Period, Seller and the Target Group Companies will not, and will not authorize any officer, director, Affiliate, employee, agent or other Authorized Representative of Seller or a Target Group Company to, (i) solicit, initiate or encourage the submission of inquiries, proposals or offers from any Person (other than Buyer and its Authorized Representatives) relating to an investment in or any business combination with the Target Group, or the sale of a material portion of the assets or equity of the Target Group or any Target Group Company (a "Competing Transaction"), (ii) enter into or participate in any negotiations, or initiate any discussions or continue any discussions initiated by others, regarding any Competing Transaction, or furnish to any other Person any information with respect to the assets or business of the Target Group or any Target Group Company for the purpose of pursuing a possible Competing Transaction, or (iii) otherwise participate in, assist, facilitate or encourage any effort or attempt by any other Person to do any of the foregoing. If at any time during the Pre-Closing Period, Seller or any Target Group Company receives a proposal or inquiry related to a Competing Transaction or that could lead to a Competing Transaction, Seller shall promptly (but in no event within two Business Days following the receipt of such proposal or inquire) provide notice of such proposal or inquiry to Buyer, including the identity of the Person making such proposal or inquiry and copies of any written submissions (or summaries of any oral statements) setting forth the terms of any such Competing Transaction. During the Pre-Closing Period, Seller and the Target Group Companies will, and each will cause their respective officers, directors, Affiliates, employees, agents and other Authorized Representatives to, (a) immediately cease and cause to be terminated any existing discussions or negotiations with any Persons (other than Buyer and its Authorized Representatives) conducted heretofore with respect to any Competing Transaction, (b) terminate all physical and electronic data room access previously granted to any Person other than Buyer and its Authorized Representatives, and (c) promptly request each Person that has executed a confidentiality

agreement in the last twelve (12) months in respect of a Competing Transaction to return or destroy all information heretofore furnished to such Person or its Authorized Representatives by or on behalf of Seller or the Target Group.

Section 6.22 Internal Restructuring. Prior to the Closing, Seller shall, and shall cause its Subsidiaries to, complete, as promptly as reasonably practicable, the Internal Restructuring in a manner that is substantially in accordance with Schedule 6.22 of the Disclosure Schedules; provided that any deviation from the Internal Restructuring as contemplated by Schedule 6.22 that would reasonably be expected to result in an adverse Tax or other consequence to Buyer or any of its Affiliates (including the Target Group) in a Post-Closing Tax Period shall not be made without Buyer's prior written consent which shall not be unreasonably withheld; provided that consent shall be automatically given if (i) Seller compensates Buyer for the out-of-pocket costs of such adverse Tax or other consequence, including losses resulting from the Buyer's inability to receive a fair market value basis in assets of any Target Group Company (either through a Section 338 Election or otherwise) as the result of such assets or the stock of a Target Group Company being contributed (or deemed contributed) to an entity that is treated as a corporation for U.S. federal income tax purposes and (ii) the Tax Adjustment determined under Section 6.24(b) is reduced by any amount that would not otherwise be incurred by Buyer but for such deviation. Seller shall provide drafts of the documentation to implement the Internal Restructuring not less than five Business Days prior to execution thereof and consider in good faith any comments of Buyer thereto. Following completion of the Internal Restructuring, Seller shall promptly provide Buyer with such documentation reasonably demonstrating the completion of the Internal Restructuring.

Section 6.23 Termination of Overhead and Shared Services. Buyer acknowledges and agrees that, except as otherwise expressly provided in the Transition Services Agreement, effective as of the Closing Date all Overhead and Shared Services provided to the Target Group shall cease and Seller and its Affiliates shall have no further obligation to provide any such Overhead and Shared Services to the Target Group.

Section 6.24 Section 338 Election.

(a) Seller and Buyer shall cooperate in good faith to assist the other Party in determining the additional Tax costs or Tax benefits to such other Party of an election under Section 338(h)(10) or Section 338(g) of the Code (each, a "Section 338 Election") with respect to the sale of any Target Group Company to Buyer hereunder and shall use commercially reasonable efforts to provide to the other Party, as such Party may reasonably request, any information necessary for such Party to make such determination. To the extent permitted by Law, at Buyer's sole discretion, (i) Buyer and ArcelorMittal North America Holdings LLC shall jointly file an election pursuant to Code Section 338(h)(10) for all Target Group Companies organized under the laws of the United States or its territories that are treated as corporations for US Tax purposes, and (ii) Buyer shall file an election pursuant to Code Section 338(g) for all Target Group Companies not organized under the laws of the United States or its territories that are treated as corporations for US Tax purposes (each a "Section 338 Election").

(b) As a condition precedent to making the Section 338 Election, Buyer shall pay to Seller the amount of additional consideration necessary to cause Seller's after-Tax net proceeds from the sale of the Target Group Company's stock with the Section 338 Election to be equal to the after-Tax net proceeds that Seller would have received had the Section 338 Election not been made, taking into account all appropriate state, federal and local Tax implications (the "Tax Adjustment"). The amount of the Tax Adjustment shall be paid to Seller prior to or at the time Seller signs Form 8023 to make the Section 338 Election. Seller shall provide Buyer with a schedule computing the Tax Adjustment within 20 days after the Parties have agreed to the allocation of the Final Cash Purchase Price. In making such calculation of the Tax Adjustment, the Parties shall, on an election-by-election basis, use the highest corporate U.S. federal, state and local Tax rate to which any income or gain actually included by a U.S. taxpayer would be taxed as a result of each Section 338 Election (taking into account the unavailability of any deduction under Section 250 of the Code or similar provision under state and local law), and any

items of income, deduction, gain, loss or credits of Seller not resulting from such Section 338 Election shall be ignored.

Section 6.25 BBA Election. Notwithstanding anything to the contrary in this Agreement, Seller will not, and will not permit any other Person to, elect under Section 1101(g)(4) of the Bipartisan Budget Act of 2015 to have the amendments made by such provisions apply to any income Tax Return of any Target Group Company or Target JV with respect to any Tax period beginning on or before December 31, 2017. The Seller agrees that if the IRS (or applicable state Governmental Entity) issues a notice of final partnership adjustment assessing an "imputed underpayment" against any Target Group Company or Target JV with respect to any Tax period ending on or prior to the Closing Date beginning after December 31, 2017, or any Tax period beginning on or before December 31, 2017 for which an election under Section 1101(g)(4) of the Bipartisan Budget Act of 2015 was made, such entity shall make the election under Code Section 6226 (or any similar provision of Law) and Seller agrees to cooperate, and to cause its respective Affiliates and the "partnership representative" and "designated individual" (as those terms are used in Code Section 6223 and Treasury Regulations Section 301.6223-1(b)(3) (or any similar provision of Law)) of the Target Group Company or Target JV (as applicable), to cooperate with Buyer and its Affiliates in making such election, including by timely providing information reasonably requested by Buyer or the Target Group Company or Target JV and assisting such entity in the preparation of any statements or other information required to be provided to the IRS or any other Person as required by Code Section 6226 and the Treasury Regulations promulgated thereunder (or any similar provision of Law).

Section 6.26 Takeover Statute. If any Interested Shareholder Statute or Takeover Statute is or may become applicable to the Transactions, Buyer and its board of directors shall use their reasonable best efforts to grant such approvals and take such actions as are in accordance with applicable Law so that such Transactions may be consummated as promptly as practicable on the terms contemplated by this Agreement and otherwise act to eliminate (or to the extent elimination is not possible, minimize) the effects of such statute or regulation on such Transactions.

Section 6.27 JV Matters.

(a) In connection with the joint venture agreements between certain Target Group Companies and Nippon Steel Corporation (" NSC"), Buyer agrees for a period of three (3) years after the Closing Date (the "I/N Post-Closing Period") to, or to cause the Target Group Companies to, maintain or effect:

(i) the supply of steel products manufactured by I/N Tek L.P. (the "Tek JV") and I/N Kote L.P. (the "Kote JV") to NSC Listed Customers (as defined in the Amended and Restated Sales Agreement, dated as of December 20, 2002 (the "Kote Sales Agreement")) during the I/N Post-Closing Period upon market competitive commercial terms (including those in respect of quality, volumes and pricing) consistent in all material respects with the existing arrangements with such NSC Listed Customers contemplated by the Kote Sales Agreement, to the extent such NSC Listed Customers place orders for such steel products;

(ii) the continuation of the arrangements of personnel currently dispatched by NSC to the Kote JV and the Tek JV for purposes of providing technical services to NSC Listed Customers during the I/N Post-Closing Period, to the extent NSC determines that such dispatch is necessary, with market-based compensation for such dispatch being payable by the I/N JVs to NSC consistent with, and not inferior than, the compensation paid to personnel of the I/N JVs with equivalent experience, roles and responsibilities;

(iii) the retention of certain employees of the I/N JVs set forth on Schedule 6.27(a)(iii) in the current roles and responsibilities for purposes of providing services to NSC Listed Customers; and

(iv) the sales of steel products to N/S Sales, Inc. during the I/N Post-Closing Period, with product mix, volumes and pricing consistent in all material respects with the Amended and Restated Commercial Agreement, dated as of December 20, 2002.

(b) Promptly after the date hereof, Seller shall cause its applicable Affiliate to deliver notice pursuant to Section 10(b) of the Amended and Restated Basic Agreement for I/N Tek, dated as of December 20, 2002 (the "Tek Basic Agreement") and Section 10(b) of the Amended and Restated Basic Agreement for I/N Kote, dated as of December 20, 2002 (the "Kote Basic Agreement"), that Seller and its Affiliates have elected to proceed with a III Business Transfer (as defined in the Tek Basic Agreement and the Kote Basic Agreement), and thereafter shall keep Buyer reasonably informed on a current basis of any communications or discussions with NSC with respect thereto. In the event that NSC timely delivers notice pursuant to Section 10(b) of the Tek Basic Agreement to require an Affiliate of Seller to purchase (the "Tek Put") the Partnership Interest (as defined in the Tek Basic Agreement) held by NS Tek, Inc. ("NS Tek"), and/or pursuant to Section 10(b) of Kote Basic Agreement to require an Affiliate of Seller to purchase (the "Kote Put") the Partnership Interest (as defined in the Kote Basic Agreement) held by NS Kote, Inc. ("NS Kote"), then Seller shall deliver to Buyer a copy of such written notice (the "Put Notice") and the provisions of Schedule 6.27(b) shall apply.

(c) Notwithstanding anything herein to the contrary, neither the consummation of the Tek Put or the Kote Put, if applicable, nor the determination of the Transfer Price with respect thereto, shall be a condition to the Closing; provided, however, that if either the Tek Put or the Kote Put is exercised, the Parties shall cooperate to cause the Closing to occur concurrently with the closing of the Tek Put and/or the Kote Put to the extent practicable.

Section 6.28 Business Employee List. Seller will make available to Buyer within 30 days of the date hereof a list of current Business Employees setting forth for each such employee, as applicable, title, date of hire, employer, work location, annual salary or hourly rate, any bonus or incentive compensation opportunities, total compensation for 2019, union affiliation, exempt/non-exempt classification, visa status, and indicating whether any such employee is on a leave of absence. Such list shall be correct and complete as of the date of this Agreement and Seller shall provide periodic updates to such information upon written request by Buyer.

Section 6.29 Litigation Matters.

(a) During the Pre-Closing Period, Seller and Buyer shall cooperate to cause Affiliates of each of Seller and Buyer to be parties in interest to the Litigation Matter 1, effective as of the Closing. Any proceeds received by Seller or Buyer or any of their respective Affiliates in connection with the final disposition of the Litigation Matter 1 shall be distributed equally (50% / 50%) between Seller and Buyer; provided that Seller shall also have the right to settle the Litigation Matter 1 in connection with the settlement of other disputes with Litigation Party 1 or a transaction with Litigation Party 1, without any compensation to Buyer. Seller shall have sole control and discretion over the prosecution, settlement or other disposition of the Litigation Matter 1.

(b) During the Pre-Closing Period, Seller and Buyer shall cooperate to cause Affiliates of each of Seller and Buyer to be parties in interest to the Litigation Matter 2, effective as of the Closing. Any proceeds received by Seller or Buyer or any of their respective Affiliates in connection with the final disposition of the Litigation Matter 2 shall be distributed equally (50% / 50%) between Seller and Buyer. Buyer shall have sole control and discretion over the prosecution, settlement or other disposition of the Litigation Matter 2.

(c) Each Party shall bear its own costs and expenses incurred in connection with the Litigation Matter 1 and the Litigation Matter 2. Except as expressly provided in this Section 6.29, neither Party may assign, sell, delegate or otherwise transfer any of its rights, interests or obligations under the

Litigation Matter 1 or the Litigation Matter 2 without the prior written Consent of the other Party, and any such purported assignment, sale, delegation or transfer shall be null and void.

Section 6.30 Transition Services Agreement and Supply Agreement: TSR Services. During the Pre-Closing Period, the Parties shall negotiate in good faith (i) the terms of the Buyer Services (as this term is defined in the Transition Services Agreement) and the Seller Services (as this term is defined in the Transition Services) on terms reasonably acceptable to Seller and Buyer (it being acknowledged and agreed by the Parties that the Buyer Services (as this term is defined in the Transition Services Agreement) shall include the TSR services on the terms set forth in the form of Transition Services Agreement attached hereto as Exhibit D (the "TSR Services")) and (ii) the Supply Agreement on terms set forth in the term sheet attached hereto as Exhibit C and otherwise on terms reasonably acceptable to Seller and Buyer.

ARTICLE VII TAX RETURNS AND DISPUTES

Section 7.1 Preparation and Filing of Tax Returns.

(a) Seller shall prepare, or cause to be prepared, all Tax Returns for the Target Group Companies for any Pre-Closing Tax Period, other than such period that includes a Pre-Closing Straddle Period (each a "Pre-Closing Tax Return"). In the case of a Pre-Closing Tax Return that includes only a Target Group Company (whether stand alone, consolidated, group, unitary or combined) (a "Target Group Pre-Closing Tax Return") Seller shall prepare, or cause to be prepared, such Tax Return in accordance with applicable Law and on a basis consistent with the manner in which such Tax Returns were prepared in previous years, and shall, make the election described in Code Section 754 for the taxable year in which the transactions contemplated by this Agreement occur. Seller shall provide to Buyer, for its review and comment, copies of such Target Group Pre-Closing Tax Returns at least twenty (20) Business Days prior to the date such returns are due, and Seller shall in good faith consider incorporating reasonable comments of Buyer in such Tax Return. In the event that Buyer in good faith determines that it cannot file such Tax Returns as prepared by Seller, Buyer and Seller shall follow the notice, dispute, and Independent Accountant provisions in Section 2.7, *mutatis mutandis*. Seller shall file, or cause to be filed (with Buyer's reasonable cooperation, if necessary), all Target Group Pre-Closing Tax Returns when due, and pay any Tax shown to be due on such Tax Return.

(b) Following the Closing Date, Buyer shall prepare, or cause to be prepared, and file, or cause to be filed, all Straddle Period Tax Returns required to be filed by the Target Group Company, Buyer shall prepare all such Straddle Period Tax Returns in a manner consistent with Seller's past practices, except as otherwise required by Law. Buyer shall deliver to Seller, for its review and comment, a draft of each such Straddle Period Tax Return at least thirty (30) Business Days prior to the date such returns are due (or such shorter period of time as is reasonable under the circumstances), together with a proposed calculation of the Taxes allocable to the Pre-Closing Tax Period. Within fifteen (15) Business Days following receipt thereof, Seller shall deliver to Buyer written notice of any objection with respect to the calculation of Taxes on such Straddle Period Tax Return or the portion of such Taxes allocable to the Pre-Closing Straddle Period. In the event that Buyer notifies Seller of a disagreement pursuant to the immediately preceding sentence, Buyer and Seller agree to use their respective reasonable efforts to resolve any disagreements with respect to such return or calculation; provided, however, that in the event that Buyer and Seller are unable to resolve such dispute within five (5) Business Days, Buyer and Seller shall submit such disputed items to a nationally known independent accounting firm selected by Seller and Buyer (which firm shall not then be providing any services to Buyer, the Target Group or Seller) for resolution under the procedures set forth in Section 2.5(e), *mutatis mutandis*. No later than five (5) calendar days prior to the due date of the applicable Tax Return, Seller shall pay to Buyer an amount equal to the portion of such Taxes allocable to the Pre-Closing Tax Period, as finally determined by the Parties or the independent accounting firm, as applicable, and determined without regard to any activities or operations of the Target Group outside the Ordinary Course of Business on the Closing Date but following the Closing, to the extent such Taxes were not included in Net Working

Capital and result in a reduction to the Closing Cash Payment Amount or a negative post-Closing adjustment to the Final Cash Purchase Price. Taxes for any Straddle Period shall be allocated to the Pre-Closing Straddle Period (i) in the case of real property, personal property and other ad valorem Taxes, on the basis of a daily proration and (ii) in the case of all other Taxes, on the basis of an interim closing of the books as of the Closing Date, provided, that for purposes of determining any Taxes imposed as a result of ownership of a Target Group Company with respect to income included under Code Sections 951 and 951A, the tax year of each of the Target Group Companies that is a "controlled foreign corporation" within the meaning of Code Section 957 shall be deemed to end as of the end of the Closing Date, and such income shall be included on an interim closing of the books method.

(c) Any Tax refunds and any amounts credited against Tax that are received by a Target Group Company or to which the Buyer or a Target Group Company becomes entitled after the Closing Date, that are attributable to a Pre-Closing Tax Period or Pre-Closing Straddle Period shall be for the account of Seller, except (i) to the extent that such refund or credit is attributable to the carryback of Tax attributes (including without limitation a net operating loss, net capital loss, foreign tax credit, or research and development credit) arising in a taxable year beginning after the Closing Date, or (ii) to the extent that such refund or credit is included in the calculation of Net Working Capital, and, in either case, the carryback of such Tax attribute does not reduce the amount of any refund that would otherwise be received by Seller. Buyer shall pay over to Seller any such refund within ten (10) days after receipt thereof. For the avoidance of doubt, Buyer shall, at the reasonable request and expense of Seller, pursue any Tax refund and pursue the collection of any indirect Tax recoverable from third parties.

(d) Buyer and Seller shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the filing of Tax Returns pursuant to this Section 7.1 and any audit, litigation, claim of refund or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information which are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder (including in the case of any consolidated income Tax Returns of ArcelorMittal North America Holdings LLC, pro forma copies of such returns showing the items relevant to a Tax Dispute (as defined below), of members of the Target Group). Buyer shall and shall cause the Target Group to retain all books and records with respect to Tax Disputes pertinent to the Target Group relating to any taxable period beginning before the Closing Date until the expiration of the statute of limitations (and, to the extent notified by Buyer or Seller, any extensions thereof) of the respective taxable periods, and shall abide by all record retention agreements entered into with any Taxing Authority.

Section 7.2 Audits, etc. Buyer and Seller will promptly notify the other respective Party Seller in writing upon receipt by Buyer, Seller, or their respective Affiliates, Buyer or any Affiliate of Buyer (including the Target Group Companies after the Closing Date) of written notice of any inquiries, claims, assessments, audits or similar events with respect to Taxes: (i) relating to taxable periods which end on or prior to the Closing Date for which that Seller may be liable for under this Agreement, (any such inquiry, claim, assessment, audit or similar event, a "Tax Dispute"), and (ii) relating to any Tax liability or Tax position of any Target Group Company or Target JV for any Post-Closing Tax Period. Seller shall have the right (but not the obligation), at its sole expense, to control such any Tax Dispute. If Seller elects to control such Tax Dispute, Seller or an Affiliate designated by Seller will have the exclusive authority to represent the Target Group with respect to such Tax Dispute before the IRS, any other Taxing Authority or any other Governmental Entity, and to control the defense, compromise or other resolution of any Tax Dispute, including responding to inquiries, filing Tax Returns and settling audits; provided, however, that Seller or such Affiliate will not enter into any settlement of or otherwise compromise any Tax Dispute that increases or may increase any Liability of Buyer or any Target Group Company (to the extent not reimbursed by Seller pursuant to Section 10.2), without the prior written consent of Buyer, which consent will not be unreasonably withheld or delayed. Seller or such Affiliate will not enter into any settlement of or otherwise compromise any Tax Dispute that affects or may affect the ongoing Tax Liability or positions of Buyer or any of its Affiliates without the prior written consent of Buyer, which consent will not be

unreasonably withheld or delayed. Buyer shall have the right (but not the obligation) to participate in the defense of such Tax Dispute and to employ separate counsel at its own expense. Seller or such Affiliate will keep Buyer fully and timely informed with respect to the commencement, status and nature of any Tax Dispute. Upon reasonable request by Buyer, Seller or such Affiliate will, in good faith, consult with Buyer regarding the conduct of or positions taken in any such proceeding. Seller or such Affiliate will not file or cause or permit to be filed any amended Tax Return relating to such matters without the prior written consent of Buyer, which consent will not be unreasonably withheld or delayed.

Section 7.3 Tax Sharing Agreements. All tax sharing agreements or similar agreements with respect to or involving any Target Group Company shall be terminated as of the Closing Date and, after the Closing Date, no Target Group Company shall be bound thereby or have any Liability thereunder.

Section 7.4 Transfer Taxes. All stock transfer, documentary, stamp, recording, sales and use and other similar Taxes (including interest, penalties and additions to any such Taxes) ("Transfer Taxes") incurred in connection with the Transactions shall be borne fifty percent (50%) by Seller and fifty percent (50%) by Buyer. The party customarily responsible for filing a Tax Return with respect to such Transfer Taxes shall timely prepare and shall file such Tax Return. Seller and Buyer shall cooperate in preparing, executing and filing any Tax Returns with respect to such Transfer Taxes, including supplying in a timely manner any information that is reasonably necessary to complete such Tax Returns.

ARTICLE VIII CONDITIONS TO CLOSING

Section 8.1 Conditions Precedent to Obligations of Buyer and Seller. The respective obligations of each Party to consummate the Transactions are subject to the satisfaction (or, where legally permissible, waiver by such Party in writing) at or prior to the Closing Date of each of the following conditions:

(a) No Adverse Order. No Order shall have been issued by a Governmental Entity of competent jurisdiction and remain in effect and no Law shall have been enacted, in each case, which would have the effect of preventing, enjoining or restraining in any material way the consummation of the Transactions.

(b) Antitrust Authorizations. All applicable waiting periods (and any extensions thereof) under any Antitrust Laws set forth on Schedule 8.1(b) of the Disclosure Schedules will have expired or been terminated and any approvals, notices or other requirements under the other Antitrust Laws set forth on Schedule 8.1(b) of the Disclosure Schedules shall have been made, obtained or satisfied, as applicable.

Section 8.2 Conditions Precedent to Obligation of Seller. The obligation of Seller to consummate the Transactions is subject to the satisfaction (or, where legally permissible, waiver by Seller) at or prior to the Closing Date of each of the following additional conditions:

(a) Accuracy of Buyer's Representations and Warranties. The representations and warranties of Buyer contained in this Agreement shall be true and correct (without giving effect to any limitation or qualification on any representation or warranty indicated by the words "Buyer Material Adverse Effect" or "material") in each case on and as of the date hereof and as of the Closing Date as if made at and as of such time (other than representations and warranties that speak as of a specific date prior to the Closing Date which shall be true and correct as of such earlier date), except where the failure of any such representations and warranties, individually or in the aggregate, to be so true and correct has not had and would not reasonably be expected to have a Buyer Material Adverse Effect; provided that (i) the Buyer Fundamental Representations shall be true and correct in all material respects in each case on and as of the date hereof and as of the Closing Date as if made at and as of such time (other than representations and warranties that speak as of a specific date prior to the Closing Date which shall be

true and correct as of such earlier date) and (ii) the representations and warranties set forth in Section 5.12(b) shall be true and correct in all respects on and as of the date hereof.

(b) Covenants and Agreements of Buyer. Buyer shall have performed and complied with in all material respects with each of the covenants and agreements required to be performed by it at or prior to the Closing.

(c) Buyer Closing Certificate. At or prior to the Closing, Seller shall have received a certificate signed by a duly authorized officer of Buyer certifying to the fulfillment of the conditions set forth in Section 8.2(a), Section 8.2(b) and Section 8.2(e) (the "Buyer Closing Certificate").

(d) Closing Deliveries. On or prior to the Closing Date, Buyer shall have delivered all the deliveries required to be delivered by it under Section 2.6(c).

(e) No Buyer Material Adverse Effect. Since the date of this Agreement, a Buyer Material Adverse Effect shall not have occurred.

(f) Consent. On or prior to the Closing Date, Seller shall have received the Consent set forth on Schedule 8.2(f) of the Disclosure Schedules.

Section 8.3 Conditions Precedent to Obligations of Buyer. The obligation of Buyer to consummate the Transactions is subject to the satisfaction (or, where legally permissible, waiver by Buyer) at or prior to the Closing Date of each of the following additional conditions:

(a) Accuracy of Certain Representations and Warranties. The representations and warranties of Seller contained in this Agreement shall be true and correct (without giving effect to any limitation or qualification on any representation or warranty indicated by the words "Material Adverse Effect" or "material") in each case on and as of the date hereof and as of the Closing Date as if made at and as of such time (other than representations and warranties that speak as of a specific date prior to the Closing Date which shall be true and correct as of such earlier date), except where the failure of any such representations and warranties, individually or in the aggregate, to be so true and correct has not had and would not reasonably be expected to have a Material Adverse Effect; provided that (i) the Fundamental Representations shall be true and correct in all material respects in each case on and as of the date hereof and as of the Closing Date as if made at and as of such time (other than representations and warranties that speak as of a specific date prior to the Closing Date which shall be true and correct as of such earlier date) and (ii) the representation and warranties set forth in Section 4.8(a) shall be true and correct in all respects on and as of the date hereof and as of the Closing Date as if made at and as of such time.

(b) Covenants and Agreements of Seller. Seller shall have performed and complied with in all material respects with each of the covenants and agreements required to be performed by it at or prior to the Closing.

(c) No Material Adverse Effect. Since the date of this Agreement, a Material Adverse Effect shall not have occurred.

(d) Seller Closing Certificate. At or prior to the Closing, Buyer shall have received a certificate signed by a duly authorized officer of Seller certifying to the fulfillment of the conditions set forth in Section 8.3(a), Section 8.3(b) and Section 8.3(c) (the "Seller Closing Certificate").

(e) Consent. On or prior to the Closing Date, Seller shall have delivered the Consent set forth on Schedule 8.3(e) of the Disclosure Schedules to Buyer.

(f) Closing Deliveries. On or prior to the Closing Date, Seller shall have delivered all the deliveries required to be delivered by it pursuant to Section 2.6(b).

ARTICLE IX TERMINATION

Section 9.1 Termination Events. This Agreement may be terminated and the Transactions may be abandoned at any time prior to the Closing:

(a) by mutual written consent of Seller and Buyer;

(b) by either Seller or Buyer by giving written notice to the other Party if the Closing shall not have occurred by June 28, 2021 (the "Outside Date"), unless extended by written agreement of Seller and Buyer; provided, that the Outside Date may be extended by Seller or Buyer for a period of three months (or such other period as Buyer and Seller may agree in writing) in the event the condition set forth in Section 8.1(b) or, if and only if relating to an Order arising under any Antitrust Law, Section 8.1(a), have not been satisfied and all other closing conditions to the respective obligations of the Parties to close hereunder that are capable of being fulfilled by the Outside Date have been satisfied or waived (or, with respect to the conditions that by their terms must be satisfied at the Closing, would have been so satisfied if the Closing would have occurred as of such date); provided, further, that the right to terminate this Agreement under this clause (b) shall not be available to any Party whose failure to fulfill any obligation under this Agreement has been the principal cause of, or resulted in, the failure of the Closing to occur on or before such date;

(c) by either Seller or Buyer by giving written notice to the other Party if any Governmental Entity shall have issued an Order permanently restraining, enjoining or otherwise prohibiting the consummation of the Transactions, and such Order shall not be subject to appeal or shall have become final and unappealable; provided, that the right to terminate this Agreement under this clause (c) shall not be available to any Party whose failure to fulfill any obligation under this Agreement has been the principal cause of the imposition of such Order;

(d) by Seller, by giving written notice to Buyer if either any of the representations and warranties of Buyer contained in Article V shall fail to be true and correct, or there shall be a breach by Buyer of any covenant or agreement of Buyer in this Agreement, that, in either case, (i) would result in the failure of a condition set forth in Section 8.2(a) or Section 8.2(b), as applicable, and (ii) which is not curable or, if curable, is not cured upon the occurrence of the earlier of (A) the 30th day after written notice thereof is given by Seller to Buyer and (B) the day that is the Business Day prior to the Outside Date; provided, that Seller may not terminate this Agreement pursuant to this Section 9.1 if Seller shall have breached any representation, warranty or agreement contained herein that would result in the failure of a condition set forth in Section 8.3(a) or Section 8.3(b), as applicable; or

(e) by Buyer, by giving written notice to Seller if any of the representations and warranties of Seller contained in Article III or Article IV shall fail to be true and correct, or there shall be a breach by Seller of any covenant or agreement of Seller in this Agreement that, in either case, (i) would result in the failure of a condition set forth in Section 8.3(a) or Section 8.3(b), as applicable, and (ii) which is not curable or, if curable, is not cured upon the occurrence of the earlier of (A) the 30th day after written notice thereof is given by Buyer to Seller, and (B) the day that is the Business Day prior to the Outside Date; provided, that Buyer may not terminate this Agreement pursuant to this Section 9.1 if Buyer shall have breached any representation, warranty or agreement contained herein that would result in the failure of a condition set forth in Section 8.2(a) or Section 8.2(b), as applicable.

Section 9.2 Effect of Termination. In the event of any termination of this Agreement pursuant to Section 9.1, all rights and obligations of the Parties hereunder shall terminate without any Liability on the part of either Party or its Subsidiaries and Affiliates in respect thereof, except that if this Agreement is

terminated by a Party because of the knowing and willful breach of this Agreement by the other party or because one or more conditions to the terminating Party's obligations under this Agreement is not satisfied as a result of the other Party's knowing and willful failure to comply with its obligations under this Agreement, the terminating Party's right to pursue all legal and contractual remedies for breach of Contract and Losses shall survive such termination unimpaired. Notwithstanding the foregoing, the obligations of the parties under the Confidentiality Agreement and under this Section 9.2, the fee allocation sentence of Section 6.5(d), the indemnification, reimbursement and expense provisions of Section 6.7(f), Section 6.13, and Article XI (except for Section 11.12) shall survive such termination and remain in full force.

ARTICLE X NO SURVIVAL; INDEMNIFICATION

Section 10.1 Survival. The representations and warranties set forth in (i) Section 3.3 (*No Violation or Conflict*), Section 4.5(b) and (c) (*Imposition of Liens; Consents*), Section 4.7(b) (*Finance Lease Obligations*), Section 4.7(c) (*Pension Liabilities*), Section 4.9 (*Material Contracts*) solely with respect to the Contracts set forth in subsection (g) (joint venture agreements) and (i) (Contracts with restrictive covenants) of the definition of "Material Contracts", Section 4.11(a) (*Sufficiency and Condition of Assets*), Section 4.13(b) (*Intellectual Property; IT Systems*), Section 4.23 (*AML Laws; Anti-Corruption Laws; Sanctions*), and Section 4.24 (*Compliance with Export Control and Import Laws*) (the "Surviving Representations") shall survive the Closing for a period of 15 months after the Closing Date, on which date they shall terminate and (ii) the Fundamental Representations shall survive until the fifth anniversary of the Closing. The covenants contained in this Agreement that apply or are to be performed or complied with prior to the Closing Date shall survive the Closing until the date that is twelve months from the Closing Date and all of the covenants contained in this Agreement to be performed or complied with after the Closing Date shall not be subject to any limitation period unless otherwise expressly specified in this Agreement, except that any covenant included in this Agreement that is related to Taxes shall survive until the sixtieth (60th) day after the expiration of the applicable statute of limitations. Notwithstanding the foregoing, any representation or warranty in respect of which indemnity may be sought under this Agreement shall survive the time at which it would otherwise terminate pursuant to this Section 10.1 if written notice of the inaccuracy or breach thereof giving rise to such right of indemnity has been given to the Party against whom such indemnification may be sought prior to such time.

Section 10.2 Indemnification by Seller. Subject to Section 10.1 and Section 10.6, from and after the Closing, Seller shall indemnify and hold harmless Buyer, the Target Group and any of their respective representatives, officers, members, agents, directors, employees, controlling persons and Affiliates, and any of their respective successors and assigns (collectively, the "Buyer Group") against and in respect of any and all Losses arising or resulting directly or indirectly from or in connection with any of the items set forth below; provided that, notwithstanding anything to the contrary in this Agreement, Buyer acknowledges that (i) Buyer has not bargained for any net operating losses, Tax credits or similar Tax attributes (other than purchased Tax basis in any Target Group Company stock or asset) of the Seller, Seller's Affiliates or any Target Group Company, and has no expectation of, or entitlement to any specific amount of such Tax attributes, and (ii) Buyer shall have no right under this Agreement to be indemnified or held harmless for any reduction in or loss of such Tax attributes that otherwise would have been transferred to Buyer in connection with the Transaction:

- (a) any breach or inaccuracy of any:
 - (i) Surviving Representation by Seller contained in this Agreement or
 - (ii) Fundamental Representation by Seller contained in this Agreement;
- (b) any breach or violation of any covenant, obligation or agreement of Seller contained in this Agreement;

- (c) all Pre-Closing Taxes not otherwise included in Net Working Capital or Indebtedness;
- (d) all Liabilities arising under the operation of any assets or businesses of Seller and its Affiliates (other than the Business or the Target Group);
- (e) all Liabilities (i) with respect to awards under the ArcelorMittal Equity Incentive Plan, the ArcelorMittal Global Stock Option Plan or any other equity awards granted by Seller or its Affiliates prior Closing, (ii) with respect to any contractual obligations of Seller, the Target Group or their Affiliates, in effect on or prior to Closing to grant equity-based awards and (iii) with respect to any employee benefit plan of Seller or its Affiliates other than the Business Employee Plans sponsored and maintained by the Target Group, in each case not otherwise included in Net Working Capital or Indebtedness;
- (f) all Liabilities with respect to the Retained Agreements;
- (g) any Liabilities with respect to ArcelorMittal USA LLC's role as servicer or administrator under the GMPA during the period following the Closing;
- (h) any Business Guarantee to the extent not released prior to the Closing; and
- (i) any incremental Liabilities incurred or arising solely as a result of the actions taken pursuant to the Internal Restructuring, provided that all such Liabilities related to Taxes shall be governed exclusively by [Section 10.2\(c\)](#).

Section 10.3 Indemnification by Buyer. Subject to [Section 10.1](#) and [Section 10.6](#), Buyer shall indemnify and hold harmless Seller and its Affiliates and any of their respective officers, directors, controlling persons, agents, members, employees, successors, and representatives, and any of their respective successors and assigns (the "Seller Group") against and in respect of any and all Losses arising or resulting directly or indirectly from or in connection with the items set forth below:

- (a) any breach or inaccuracy of any of the Buyer Fundamental Representations made by Buyer in this Agreement;
- (b) any breach or violation of any covenant, agreement or obligation to be performed by Buyer after the Closing pursuant to this Agreement;
- (c) any Financial Assurance to the extent not released prior to the Closing; and
- (d) all Liabilities arising under the operation of the Target Group or the Business at or following the Closing other than any other Liabilities specifically retained by Seller or its Affiliates pursuant to this Agreement, including those Liabilities set forth in [Section 10.2](#) (except for Liabilities relating to any breach of this Agreement by Seller or its Affiliates).

Section 10.4 Conduct of Claims. Except as provided in [Section 7.2](#):

(a) Any Party seeking indemnification (the "Indemnified Party") shall give the Party from whom indemnification is requested (the "Indemnifying Party") prompt written notice after the Indemnified Party has received notice or otherwise learns of the assertion by a Person other than the Buyer Group or the Seller Group of a Claim (a "Third Party Claim") that has given or could reasonably give rise to a right of indemnification under this Agreement. Such notice shall state the amount of Losses, if known (which shall not be conclusive of the final amount of such Claim), and shall contain a reference to the provisions of this Agreement in respect of which such right of indemnification is claimed (the "Claim Notice"). The failure of the Indemnified Party to so notify the Indemnifying Party shall not relieve the Indemnifying Party of its obligations hereunder except to the extent that the Indemnifying Party is

prejudiced thereby. If, within 30 days of receipt of the Claim Notice, the Indemnifying Party acknowledges in writing its obligation to indemnify the Indemnified Party hereunder against any Losses that may result from such Third Party Claim, then the Indemnifying Party shall have the right to assume the control of the defense of such Third Party Claim through counsel reasonably satisfactory to the Indemnified Party, and all costs and expenses incurred by the Indemnifying Party in defending such Third Party Claim shall be a Liability of, and shall be paid by, the Indemnifying Party, subject to the limitations set forth in this Article X; provided, however, that the Indemnifying Party shall not be entitled to assume control of such defense and shall pay the reasonable fees and expenses of a single counsel (plus a single local counsel for each jurisdiction where required) retained by the Indemnified Party if (i) the Claim for indemnification relates to or arises in connection with any criminal proceeding, action, indictment, allegation or investigation, (ii) the Claim seeks an injunction or equitable relief against the Indemnified Party or would be detrimental in a material way to the reputation or relations with customers or suppliers of the Target Group or the Business, (iii) the Indemnified Party has been advised by legal counsel that there is a conflict of interest between the Indemnified Party and the Indemnifying Party in the conduct of the defense of such Third Party Claim, (iv) due to the limitations elsewhere in this Article X, the Indemnifying Party's indemnification liability in respect of such Third Party Claim is less than the amount for which the Indemnified Party would be responsible or (v) the Indemnifying Party failed or is failing to or refuses to prosecute or defend such Third Party Claim. In the event that the Indemnifying Party notifies the Indemnified Party that it desires to and is otherwise entitled to defend the Indemnified Party against such Third Party Claim, except as hereinafter provided, the Indemnifying Party shall have the right to defend the Indemnified Party by appropriate proceedings. The Indemnifying Party must conduct its defense of the Third Party Claim actively and diligently thereafter in order to preserve its rights in this regard. If the Indemnifying Party elects not to (whether explicitly or by its actions) defend any Third Party Claim, fails to notify the Indemnified Party of its election as herein provided, contests its obligation to indemnify the Indemnified Party for Losses relating to such Third Party Claim under this Agreement or is not entitled to assume the defense of any Third Party Claim, the Indemnified Party may defend against, negotiate, settle or otherwise deal with such Third Party Claim. If the Indemnified Party defends any Third Party Claim because the Indemnifying Party is not entitled to or elects not to defend such Third Party Claim, then the Indemnifying Party shall reimburse the Indemnified Party for the reasonable, documented and out-of-pocket costs and expenses (including legal fees and expenses) of defending such Third Party Claim promptly upon submission of periodic bills but only if such costs and expenses are subject to indemnification under Section 10.2 or Section 10.3, as applicable.

(b) Subject to Section 10.4(a), the party not controlling the defense of a Third Party Claim (the "Non-controlling Party") may participate therein at its own expense; provided, however, that an Indemnified Party shall be entitled to participate in any such defense with separate counsel at the expense of the Indemnifying Party if (i) so requested by the Indemnifying Party to participate or (ii) in the reasonable opinion of counsel to the Indemnified Party a conflict or potential conflict exists between the Indemnified Party and the Indemnifying Party that would make such separate representation advisable. The party controlling such defense (the "Controlling Party") will keep the Non-controlling Party reasonably advised of the status of such suit or proceeding and the defense thereof and will consider in good faith recommendations made by the Non-controlling Party with respect thereto. The Non-controlling Party will furnish the Controlling Party with such relevant information as it may have with respect to such suit or proceeding (including copies of any summons, complaint or other pleading which may have been served on such party and any written Claim, demand, invoice, billing or other document evidencing or asserting the same) and will otherwise cooperate with and, at the reasonable request of the Controlling Party, assist the Controlling Party in the defense of such suit or proceeding and will give the Controlling Party and its counsel, during normal business hours and upon reasonable advance notice, access to the relevant business records and other documents, and shall permit them to consult with the employees and counsel of the Indemnified Party.

(c) The Indemnifying Party will not agree to any settlement or compromise of, or the entry of any judgment arising from, any such suit or proceeding without the prior written Consent of the Indemnified Party (such Consent not to be unreasonably withheld, conditioned or delayed) if such

settlement, compromise or entry of judgment (i) would create any Liability of the Indemnified Party for which the Indemnified Party is not entitled to indemnification hereunder, (ii) would provide for any admission of criminal liability or any injunctive relief or other non-monetary obligation affecting the Indemnified Party or (iii) does not include an unconditional release of the Indemnified Party from all Liability in respect of the Third Party Claim. The Indemnified Party will not agree to any settlement or compromise of, or the entry of any judgment arising from, any such suit or proceeding without the prior written Consent of the Indemnifying Party (such Consent not to be unreasonably withheld, conditioned or delayed).

(d) Any Claim for indemnification of Losses under this Article X that is not a Third Party Claim (a "Direct Claim") by an Indemnified Party shall be asserted by giving the Indemnifying Party prompt written notice thereof; provided that the failure to notify the Indemnifying Party shall not relieve the Indemnifying Party of its obligations hereunder except to the extent that the Indemnifying Party is prejudiced thereby. Such notice shall describe the Direct Claim in reasonable detail, state the amount of Losses, if known (which shall not be conclusive of the final amount of such Claim), and shall contain a reference to the provisions of this Agreement in respect of which such right of indemnification is claimed. The Indemnifying Party will have a period of 30 days within which to respond in writing to such Direct Claim. If the Indemnifying Party does not so respond within such 30 day period, the Indemnifying Party will be deemed to have rejected such Claim, in which event the Indemnified Party will be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Article X and Article XI.

Section 10.5 Effect of Investigation. The right to indemnification and all other remedies based on any representation, warranty, covenant or obligation of Seller contained in or made pursuant to this Agreement shall not be affected by any investigation conducted with respect to, or any knowledge acquired (or capable of being acquired) at any time, whether before or after the execution and delivery of this Agreement or the Closing Date, with respect to the accuracy or inaccuracy of or compliance with, any such representation, warranty, covenant or obligation.

Section 10.6 Limitations on Indemnification.

(a) Dollar Limitations. Notwithstanding anything to the contrary in this Agreement, Seller shall be required to indemnify and hold harmless the Buyer Group under this Article X with respect to Losses arising under Section 10.2(a)(i) only if the aggregate amount of all Losses suffered or incurred by the Buyer Group for all such matters exceeds \$5,000,000 (the "Deductible") at which time Seller shall be required to pay or be liable for only such Losses in excess of the Deductible, subject to (b); provided, however that Seller shall not have any Liability under this Section 10.6(a) for any individual items where the Losses sustained by the Buyer Group are less than \$50,000 (and for this purpose one or more items deriving from or attributable to the same matter or concern shall be treated as an individual item) (each a "DeMinimis Item" and collectively the "DeMinimis Items") and the DeMinimis Items shall not be aggregated for purposes of this Section 10.6(a). Notwithstanding the foregoing, the Deductible shall not apply with respect to indemnification Claims for Losses of the Buyer Group (i) under Section 10.2(a)(ii) which arise out of or result from a breach of any of the Fundamental Representations and (ii) in the case of Fraud.

(b) Cap on Indemnification. Notwithstanding anything to the contrary in this Agreement, in no event shall the aggregate amount of all indemnification obligations of Seller under this Agreement for Claims by the Buyer Group (A) pursuant to Section 10.2(a)(ii) exceed the aggregate value of the Consideration and (B) pursuant to Section 10.2(a)(i) exceed \$50,000,000.

(c) Notwithstanding anything to the contrary contained herein, with respect to Section 10.2(a), in the case of any representation or warranty that is limited by the word "Material Adverse Effect," "material" or by any similar term or limitation, the failure of such representation or warranty, as the case may be, and the amount of Losses subject to indemnification hereunder shall be

determined as if the words "Material Adverse Effect," "material" or any similar term or limitation were not included therein; provided that the foregoing shall not apply to use of "material" and derivatives thereof in the definitions of "Permitted Liens".

Section 10.7 Losses Net of Insurance and other Payments to Buyer, etc.

(a) No Indemnified Party shall be entitled to recover in respect of a Third Party Claim or Direct Claim to the extent that it has actually received insurance proceeds under any applicable insurance policies in respect of the Losses to which such Third Party Claim or Direct Claim relates. If the Indemnifying Party settles or pays a Third Party Claim or Direct Claim in full hereunder, and the Indemnified Party subsequently recovers under a third party policy of insurance, which would reduce the Losses to which such Claim related, the Indemnified Party shall promptly pay to the Indemnifying Party the amount recovered under such third party policy of insurance (after taking into account any deductibles, retentions, costs of recovery, increase in premiums and similar amounts and reasonable costs, expenses or Taxes incurred by the Indemnified Party). The Indemnified Party shall use its commercially reasonable efforts to recover under insurance policies for any Losses to the same extent such Party would if such Losses were not subject to indemnification, compensation or reimbursement hereunder.

(b) Notwithstanding anything contained in this Agreement, any amounts payable pursuant to the indemnification obligations of this Agreement shall be paid without duplication, and in no event shall any Party be indemnified under different provisions of this Agreement for the same Losses (including any amount taken into account in the calculation of the Closing Cash Payment Amount).

(c) Each of Buyer and Seller shall (and shall cause its Affiliates to) use commercially reasonable efforts to pursue any commercially reasonable remedies available in order to mitigate and minimize any Losses subject to indemnification pursuant to this Article X promptly upon becoming aware of any event or circumstance that could reasonably be expected to constitute or give rise to such Losses. Nothing in this Agreement shall in any way restrict or limit any applicable general obligation under applicable Law or in equity of a party to mitigate any Losses subject to indemnification pursuant to this Article X and each Indemnified Party shall (and shall cause its Affiliates to), in accordance with any reasonableness standard under applicable Law which is applicable to such Losses, mitigate any such damages.

Section 10.8 Adjustment to Final Cash Purchase Price. Seller and Buyer agree to treat all payments made by Seller for the benefit of Buyer or payments made by Buyer for the benefit of Seller under all of the indemnification provisions of this Agreement as adjustments to the Final Cash Purchase Price for Tax purposes and that such treatment shall govern for purposes hereof except to the extent that the Laws of a particular jurisdiction provide otherwise.

Section 10.9 Exclusive Remedy; No Duplication; No Set-off.

(a) From and after the Closing, (i) this Article X shall be the sole and exclusive remedy of the Indemnified Parties (including Buyer and Seller) in connection with this Agreement and the Transaction, (ii) neither Buyer nor Seller shall be liable or responsible in any manner whatsoever (whether for indemnification or otherwise) to any Indemnified Party for breach of, any representation, warranty, covenant, agreement or obligation set forth in this Agreement or in connection with any of the transactions contemplated by this Agreement, except pursuant to the indemnification provisions set forth in this Article X; and (iii) each Party hereby waives, to the fullest extent permitted under applicable Law, any and all rights, claims and causes of action for breach of, any representation, warranty, covenant, agreement or obligation set forth in this Agreement or in connection with any of the transactions contemplated by this Agreement, that it may have against the other Party to this Agreement, its Affiliates and each of their respective Authorized Representatives, in each case, arising under or based upon predecessor or successor liability, contribution, tort, strict liability or any Law or otherwise, except pursuant to the indemnification provisions set forth in this Article X; provided, however, that nothing in this Section 10.9(a)

shall limit the rights or remedies of, or constitute a waiver of any rights or remedies by, any Person in respect of, including for any breach of (or shall otherwise operate to interfere with the operation of), Section 2.5, this Article X, Section 11.10, the Confidentiality Agreement or any other Transaction Document.

(b) Any Losses subject to indemnification hereunder shall be determined without duplication of recovery by reason of the state of facts giving rise to such Losses.

(c) Neither Buyer nor Seller shall have any right to set-off any unresolved claim for indemnification pursuant to this Article X against any payment due pursuant to any other provision of this Agreement or any other Contract between Seller or its Affiliates, on the one hand, and Buyer or its Affiliates, on the other hand.

**ARTICLE XI
MISCELLANEOUS**

Section 11.1 Notices. All notices and other communications under or in connection with this Agreement shall be in writing and shall be deemed given (a) if delivered personally, upon delivery, (b) if delivered by overnight courier, one Business Day after being deposited with such overnight courier, (c) if delivered by registered or certified mail (postage pre-paid, return receipt requested), five Business Days after being mailed, or (d) if given by electronic mail or facsimile (with acknowledgement of receipt by the receiving Party upon delivery) in each case to the Parties at the following addresses:

If to Buyer, to:

Cleveland-Cliffs Inc.
200 Public Square, Suite 3300
Cleveland, Ohio 44114-2315
Attention: James Graham, Executive Vice President, Chief Legal Officer &
Secretary
Facsimile: 216-694-6509
Email: James.Graham@clevelandcliffs.com

with a copy to (which shall not constitute notice):

Jones Day
250 Vesey Street
New York, New York 10281-1047
Attention: James P. Dougherty and Benjamin L. Stulberg
Facsimile: 212-755-7306
Email: jpdougherty@jonesday.com; blstulberg@jonesday.com

If to Seller:

ArcelorMittal S.A.
24-26 boulevard d'Avranches 1160
Luxembourg
Attention: General Counsel
Email: Anne.vanYsendyck@arcelormittal.com; Henk.Scheffer@arcelormittal.com

with a copy to (which shall not constitute notice):

Cleary Gottlieb Steen & Hamilton LLP
One Liberty Plaza
New York, New York 10006
Facsimile: (212) 225-3999
Email: pshim@cgsh.com; jlangston@cgsh.com
Attention: Paul J. Shim and James E. Langston

Either Party may at any time change the address to which notices may be sent under this Section 11.1 by the giving of notice of such to the other Party in the manner set forth herein.

Section 11.2 Amendments; No Waivers.

(a) This Agreement may not be amended, supplemented or changed, and no provision hereof may be waived, except by an instrument in writing signed by the Parties.

(b) No action taken pursuant to this Agreement, including any investigation by or on behalf of any Party, will be deemed to constitute a waiver by the Party taking such action of compliance with any representation, warranty, covenant or agreement contained herein. The waiver by any Party of a breach of any provision of this Agreement will not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 11.3 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns. No Party may assign (by operation of Law, sale of substantially all of the assets of a Party or otherwise), delegate or otherwise transfer any of its rights, interests or obligations under this Agreement without the prior written Consent of the other Party, and any such purported assignment, delegation or transfer by any Party without such Consent shall be null and void; provided, however, that Buyer may, without such Consent, assign any of its rights pursuant to this Agreement to any Affiliate of Buyer or collaterally assign its rights hereunder to any lender or debt provider of Buyer or its Affiliates, provided however, that such assignment shall not relieve Buyer of its obligations hereunder.

Section 11.4 Governing Law; Jurisdiction.

(a) This Agreement, and all Claims or causes of action (whether in Contract or tort) that may be based upon, arise out of or relate to this Agreement or the negotiation, execution or performance of this Agreement (including any Claim or cause of action based upon, arising out of or related to any representation or warranty made in or in connection with this Agreement), will be governed by and construed in accordance with the Laws of the State of New York, without giving effect to principles or rules of conflict of laws to the extent such principles or rules would require or permit the application of Laws of another jurisdiction.

(b) The Parties hereby irrevocably submit to the exclusive personal jurisdiction of the courts of the State of New York and the Federal courts of the United States of America located in the State of New York solely in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby and thereby, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement of this Agreement, or of any such document, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts, and the Parties irrevocably agree that all claims relating to such action, proceeding or transactions shall be heard and determined in such a New York State or Federal court. The Parties hereby consent to and grant any such court jurisdiction over the person of such Parties and, to the extent permitted by Law, over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 11.1 or in such other manner as may be permitted by Law shall be valid and sufficient service thereof.

Section 11.5 Waiver of Jury Trial. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH PARTY KNOWINGLY, VOLUNTARILY, IRREVOCABLY AND INTENTIONALLY, WAIVES ITS RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE TRANSACTION DOCUMENTS OR ANY TRANSACTIONS WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE.

Section 11.6 Counterparts. This Agreement may be executed in any number of counterparts, including electronically transmitted counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same agreement.

Section 11.7 Entire Agreement. This Agreement (including the Schedules, Disclosure Schedules and Exhibits hereto), together with the other Transaction Documents and the schedules, exhibits and other attachments thereto, constitutes the entire agreement among the parties with respect to its subject matter and supersedes all prior and contemporaneous agreements, understandings and negotiations, both written and oral, among the Parties with respect to such subject matter.

Section 11.8 Severability. If any term or provision of this Agreement or the application thereof to any circumstance shall, in any jurisdiction and to any extent, be invalid or unenforceable, such term or provision shall be, solely as to such jurisdiction, modified or eliminated to the minimum extent necessary to achieve, to the extent possible, the purpose of such term or provision, without invalidating or rendering unenforceable such term or provision in any other jurisdiction, the remaining terms and provisions of this Agreement or the application of such terms and provisions to circumstances other than those as to which it is held invalid or enforceable.

Section 11.9 Third Party Rights. Except as provided in Article X with respect to Indemnified Parties, this Agreement shall be for the sole and exclusive benefits of the Parties, and nothing expressed or implied in this Agreement is intended, nor shall be construed, to confer upon or give any Person other than the Parties any rights under or by reason of this Agreement; provided, however, that solely with respect to Section 11.12, the Non-Recourse Parties shall be express third-party beneficiaries and shall be entitled to expressly rely on and enforce the provisions of such Section.

Section 11.10 Specific Performance. The Parties each acknowledge and agree that they would be irreparably harmed if any of the provisions of this Agreement are not performed in accordance with their specific terms and that any breach of this Agreement by the other Parties could not be adequately compensated in all cases by monetary damages alone. Accordingly, the Parties each agree that, in addition to any other right or remedy to which a non-breaching Party may be entitled at Law or in equity, such non-breaching Party shall be entitled to enforce any provision of this Agreement by a decree of specific performance and to obtain temporary, preliminary, and permanent injunctive relief to prevent breaches or threatened breaches, without posting any bond or giving any other undertaking and each Party hereby irrevocably waives any right it may have to require the provision, furnishing or posting of any such bond or other security. In the event that any claim should be asserted to enforce the provisions of this Agreement, each Party agrees that it shall not allege, and each Party hereby waives the defense, that there is an adequate remedy available at law or that an award of specific performance is not an appropriate remedy for any reason at law or equity.

Section 11.11 Remedies Cumulative. The rights and remedies of the Parties are cumulative and not exclusive or alternative.

Section 11.12 No Recourse. Notwithstanding any other provision of this Agreement or any rights of any Party at Law or in equity (and whether in tort, Contract or otherwise), this Agreement may only be enforced against, and any Claim or cause of action based upon, arising out of or related to this Agreement, or the Transactions, may only be brought against, the Parties, and then only with respect to the specific obligations set forth herein with respect to such Party. No former, current or future Affiliate of Buyer or Seller or any former, current or future director, officer, employee, agent, representative, fund, general or limited partner, manager, member, shareholder or Affiliate, successor or assignee of any of Buyer or Seller or their respective its Affiliates (collectively, the "Non-Recourse Parties") will have any Liability, whether by the enforcement of any assessment or by any legal or equitable proceeding (whether in tort, Contract or otherwise), or by virtue of any statute, regulation or other applicable Law, for any obligations or Liabilities of the Parties or for any Claim based on, in respect of, or by reason of, the Transactions.

Section 11.13 Independent Investigation; No Other Representations and Warranties.

(a) Buyer has conducted its own independent investigation, review and analysis of, and reached its own independent conclusions regarding the Target Group and its operations, assets, condition (financial or otherwise) and prospects. Buyer has been represented by, and had the assistance of, counsel in the conduct of its due diligence, the preparation and negotiation of this Agreement and the other Transaction Documents, and the consummation of the transactions contemplated hereby and thereby. In entering into this Agreement, Buyer acknowledges that it has relied solely upon its own investigation, review and analysis and has not relied on and hereby expressly waives any reliance upon

any representation, warranty or other statement made by, on behalf of or relating to Seller or Seller's Affiliates, or any omissions therefrom, except for the representations and warranties expressly set forth in [Article III](#) and [Article IV](#) (and, with respect to such representations and warranties, subject to any limitations included in this Agreement) and Seller acknowledges that Buyer is relying on such representations and warranties in determining to enter into this Agreement.

(b) Buyer acknowledges and agrees that (i) the representations and warranties expressly set forth in [Article III](#) and [Article IV](#) are and shall constitute the sole and exclusive representations and warranties made with respect to the Target Group in connection with this Agreement or the transactions contemplated hereby and other than the representations and warranties expressly set forth in [Article III](#) and [Article IV](#), none of Seller, any of Seller's Affiliates or any other Person has made or makes any representation or warranty, written or oral, express or implied, at law or in equity, with respect to the Target Group, including any representation or warranty as to (A) merchantability or fitness for a particular use or purpose, (B) the operation or probable success or profitability of the Target Group following the Closing, (C) the accuracy or completeness of any information regarding the Target Group made available to Buyer and its Authorized Representatives in connection with this Agreement or their investigation of the Target Group (including any estimates, projections, business plans, budgets or other forward-looking information provided by Seller, any of its Affiliates or any of their Authorized Representatives, which shall not be deemed to be or to include representations or warranties, except to the extent explicitly set forth in [Article III](#) and [Article IV](#)), (D) the consequences to the Target Group of not benefitting, after the Closing, from Overhead and Shared Services, and the Intragroup Agreements and, after the termination of Seller's obligation to provide any services under the Transaction Documents, from such services, (E) the capability or cost of alternative providers of Overhead and Shared Services (including information technology service providers) or the goods or services obtained via Intracompany Contracts or (F) the ability of Buyer to successfully and timely complete any migration off of Seller's or its Affiliates' information technology systems and data, and (ii) Buyer will have no right or remedy (and Seller will have no Liability whatsoever) arising out of, and Buyer expressly disclaims any reliance upon, any representation, warranty or other statement made by, on behalf of or relating to Seller or any of Seller's Affiliates, including in any materials, documentation or other information regarding the Target Group made available to Buyer or any of its Authorized Representatives in connection with this Agreement or their investigation of the Target Group (including information memoranda, data room materials, projections, estimates, management presentations, budgets and financial data and reports), or any errors therein or omissions therefrom, other than the representations and warranties expressly set forth in [Article III](#) and [Article IV](#) and the rights of Buyer expressly set forth in this Agreement in respect of such representations and warranties.

(c) Seller has conducted its own independent investigation, review and analysis of, and reached its own independent conclusions regarding Buyer and its operations, assets, condition (financial or otherwise) and prospects. Seller has been represented by, and had the assistance of, counsel in the conduct of its due diligence, the preparation and negotiation of this Agreement and the other Transaction Documents, and the consummation of the transactions contemplated hereby and thereby. In entering into this Agreement, Seller acknowledges that it has relied solely upon its own investigation, review and analysis and has not relied on and hereby expressly waives any reliance upon any representation, warranty or other statement made by, on behalf of or relating to Buyer or Buyer's Affiliates, or any omissions therefrom, except for the representations and warranties expressly set forth in [Article V](#) (and, with respect to such representations and warranties, subject to any limitations included in this Agreement) and Buyer acknowledges that Seller is relying on such representations and warranties in determining to enter into this Agreement.

(d) Seller acknowledges and agrees that (i) the representations and warranties expressly set forth in [Article V](#) are and shall constitute the sole and exclusive representations and warranties made with respect to Buyer and its Subsidiaries in connection with this Agreement or the transactions contemplated hereby and other than the representations and warranties expressly set forth in [Article V](#), none of Buyer, any of Buyer's Affiliates or any other Person has made or makes any

representation or warranty, written or oral, express or implied, at law or in equity, with respect to Buyer and its Subsidiaries, including any representation or warranty as to (A) merchantability or fitness for a particular use or purpose, (B) the operation or probable success or profitability of Buyer and its Subsidiaries following the Closing, including any synergies related to the acquisition of the Target Group or (C) the accuracy or completeness of any information regarding Buyer and its Subsidiaries made available to Seller and its Authorized Representatives in connection with this Agreement or their investigation of Buyer and its Subsidiaries (including any estimates, projections, business plans, budgets or other forward-looking information provided by Buyer, any of its Affiliates or any of their Authorized Representatives, which shall not be deemed to be or to include representations or warranties, except to the extent explicitly set forth in Article V), and (ii) Seller will have no right or remedy (and Buyer will have no Liability whatsoever) arising out of, and Seller expressly disclaims any reliance upon, any representation, warranty or other statement made by, on behalf of or relating to Buyer or any of Buyer's Affiliates, including in any materials, documentation or other information regarding the Buyer and its Subsidiaries made available to Seller or any of its Authorized Representatives in connection with this Agreement or their investigation of Buyer and its Subsidiaries (including information memoranda, data room materials, projections, estimates, management presentations, budgets and financial data and reports), or any errors therein or omissions therefrom, other than the representations and warranties expressly set forth in Article V and the rights of Seller expressly set forth in this Agreement in respect of such representations and warranties.

Section 11.14 Retention of Legal Counsel. Recognizing that Cleary Gottlieb Steen & Hamilton LLP and other external legal counsel (collectively, "Seller Counsel") has acted as legal counsel to Seller, the Target Group Companies or their respective Affiliates prior to the date hereof, and that Seller Counsel intends to act as legal counsel to Seller and its respective Affiliates (which will no longer include the Target Group Companies) after the Closing, Buyer hereby (a) waives (on its own behalf) and (b) agrees to cause its Affiliates (including, after the Closing, the Target Group Companies) to waive any conflicts arising under such representation that may prevent Seller Counsel from representing Seller or any of its respective Affiliates after the Closing as such representation may relate to Buyer and the Target Group Companies or the transactions contemplated by this Agreement and the other Transaction Documents. In addition, all communications involving attorney-client confidences between Seller, the Target Group Companies or their respective Affiliates, on the one hand, and Seller Counsel, on the other hand, in the course of the negotiation, documentation and consummation of the transactions contemplated hereby shall be deemed to be attorney-client confidences that belong solely to Seller and its Affiliates (and not the Target Group Companies). Accordingly, neither Buyer nor the Target Group Companies shall have access to any such communications or to the files of Seller Counsel relating to such engagement from and after the Closing. Without limiting the generality of the foregoing, from and after the Closing, (i) Seller and its Affiliates (and not the Target Group Companies) shall be the sole holders of the attorney-client privilege with respect to such engagement, and neither Buyer nor any Target Group Company shall be a holder thereof, (ii) to the extent that files of Seller Counsel in respect of such engagement constitute property of the client, only Seller and its respective Affiliates (and not the Target Group Companies) shall hold such property rights and (iii) Seller Counsel shall have no duty whatsoever to reveal or disclose any such attorney-client communications or files to Buyer or any of the Target Group Companies by reason of any attorney-client relationship between Seller Counsel and the Target Group Companies or otherwise.

(Signature Page Follows)

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Agreement, or has caused this Agreement to be duly executed on its behalf by a representative duly authorized, all as of the date first above set forth.

**BUYER
CLEVELAND-CLIFFS INC.**

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

[Signature Page to Transaction Agreement]

**SELLER
ARCELORMITTAL S.A.**

By: /s/ Genuino Christino
Name: Genuino M. Christino
Title: Vice President - Group Head of Finance

By: /s/ Anne van Ysendyck
Name: Anne van Ysendyck
Title: Vice President - Group Head of Legal

[Signature Page to Transaction Agreement]

CERTIFICATION

I, Lourenco Goncalves, certify that:

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

Date: October 23, 2020

By: /s/ Lourenco Goncalves

Lourenco Goncalves
Chairman, President and Chief Executive Officer

CERTIFICATION

I, Keith A. Koci, certify that:

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

Date: October 23, 2020

By: /s/ Keith A. Koci

Keith A. Koci

Executive Vice President, Chief Financial Officer

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

In connection with the Quarterly Report of Cleveland-Cliffs Inc. (the "Company") on Form 10-Q for the period ended September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), I, Lourenco Goncalves, Chairman, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

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

Date: October 23, 2020

By: /s/ Lourenco Goncalves

Lourenco Goncalves
Chairman, President and Chief Executive Officer

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

In connection with the Quarterly Report of Cleveland-Cliffs Inc. (the "Company") on Form 10-Q for the period ended September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), I, Keith A. Koci, Executive Vice President, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

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

Date: October 23, 2020

By: /s/ Keith A. Koci

Keith A. Koci

Executive Vice President, Chief Financial Officer

Mine Safety Disclosures

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

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

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

During the three months ended September 30, 2020, our U.S. mine locations did not receive any flagrant violations under section 110(b)(2) of the FMSH Act (30 U.S.C. 820(b)(2)), or any written notices of a pattern of violations, or the potential to have such a pattern of violations, under section 104(e) of the FMSH Act (30 U.S.C. 814(e)). In addition, there were no mining-related fatalities at any of our U.S. mine locations during this same period.

Following is a summary of the information listed above for the three months ended September 30, 2020:

Mine Name/ MSHA ID No.	Operation	Three Months Ended September 30, 2020								
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	
		Section 104 S&S Citations	Section 104(b) Orders	Section 104(d) Citations & Orders	Section 107(a) Orders	Total Dollar Value of MSHA Proposed Assessments (1)	Legal Actions Pending as of Last Day of Period		Legal Actions Instituted During Period	Legal Actions Resolved During Period
Tilden / 2000422	Iron Ore	2	—	—	—	\$ 30,254	1	(2)	2	4
Empire / 2001012	Iron Ore	—	—	—	—	—	—	—	—	—
Northshore Plant / 2100831	Iron Ore	—	—	—	—	—	6	(3)	2	4
Northshore Mine / 2100209	Iron Ore	—	—	—	—	—	—	—	—	1
United Taconite Plant / 2103404	Iron Ore	—	—	—	—	—	1	(4)	—	2
United Taconite Mine / 2103403	Iron Ore	—	—	—	—	—	—	—	—	—
Coal Innovations #1 / 3609406	Coal	—	—	—	—	—	—	—	—	—
North Fork / 3610041	Coal	—	—	—	—	—	2	(5)	—	—

- (1) Amounts included under the heading "Total Dollar Value of MSHA Proposed Assessments" are the total dollar amounts for proposed assessments received from MSHA for the three months ended September 30, 2020.
- (2) This number consists of 1 pending legal action related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.
- (3) This number consists of 2 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules and 4 pending legal actions related to appeals of judges' decisions or orders to FMSHRC referenced in Subpart H of FMSH Act's procedural rules.
- (4) This number consists of 1 pending legal action related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.
- (5) This number consists of 2 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.