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, 2022

OR

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

For the transition period from ______ to ______.

Commission File Number: 1-8944

CLIFFS

CLEVELAND-CLIFFS INC.
(Exact Name of Registrant as Specified in Its Charter)

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

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

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

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

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

Yes ☒ No ☐

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

Yes ☒ No ☐

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

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

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

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

Yes ☐ No ☒

The number of shares outstanding of the registrant's common shares, par value $0.125 per share, was 515,302,483 as of October 25, 2022.

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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
4.625% 2029 Senior Notes	4.625% Senior Guaranteed Notes due 2029 issued by Cleveland-Cliffs Inc. on February 17, 2021 in an aggregate principal amount of $500 million
4.875% 2031 Senior Notes	4.875% Senior Guaranteed Notes due 2031 issued by Cleveland-Cliffs Inc. on February 17, 2021 in an aggregate principal amount of $500 million
ABL Facility	Asset-Based Revolving Credit Agreement, dated as of March 13, 2020, among Cleveland-Cliffs Inc., the lenders party thereto from time to time and Bank of America, N.A., as administrative agent, as amended as of March 27, 2020, and December 9, 2020, and as may be further amended from time to time
Adjusted EBITDA	EBITDA, excluding certain items such as EBITDA of noncontrolling interests, asset impairment, extinguishment of debt, severance, acquisition-related costs, acquisition-related loss on equity method investment, amortization of inventory step-up and impacts of discontinued operations
AK Steel	AK Steel Holding Corporation (n/k/a Cleveland-Cliffs Steel Holding Corporation) and its consolidated subsidiaries, including AK Steel Corporation (n/k/a Cleveland-Cliffs Steel Corporation), its direct, wholly owned subsidiary, collectively, unless stated otherwise or the context indicates otherwise
AOCI	Accumulated Other Comprehensive Income (Loss)
ArcelorMittal	ArcelorMittal S.A., a company organized under the laws of Luxembourg and the former ultimate parent company of ArcelorMittal USA
ArcelorMittal USA	Substantially all of the operations of the former ArcelorMittal USA LLC, its subsidiaries and certain affiliates, collectively
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Board	The Board of Directors of Cleveland-Cliffs Inc.
BOF	Basic oxygen furnace
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act of 1980
CHIPS Act	The Creating Helpful Incentives to Produce Semiconductors and Science Act of 2022
COVID-19	A novel strain of coronavirus that the World Health Organization declared a global pandemic in March 2020
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
EAF	Electric arc furnace
EBITDA	Earnings before interest, taxes, depreciation and amortization
EPA	U.S. Environmental Protection Agency
EPS	Earnings per share
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
Fe	Iron
FMSH Act	Federal Mine Safety and Health Act of 1977, as amended
FPT	Ferrous Processing and Trading Company, including certain related entities
FPT Acquisition	The purchase of FPT, subject to the terms and conditions set forth in the FPT Acquisition Agreement
FPT Acquisition Agreement	Securities Purchase Agreement, dated as of October 8, 2021, by and between Cleveland-Cliffs Inc. and Anthony Soave Revocable Trust u/a/d January 14, 1987, as amended and restated
GAAP	Accounting principles generally accepted in the United States
GHG	Greenhouse gas
GOES	Grain oriented electrical steel
HBI	Hot briquetted iron
HRC	Hot-rolled coil steel
IRB	Industrial Revenue Bond
Long ton	2,240 pounds
Metric ton	2,205 pounds
MSHA	U.S. Mine Safety and Health Administration
Net ton	2,000 pounds
NOES	Non-oriented electrical steel
NPDES	National Pollutant Discharge Elimination System, authorized by the Clean Water Act
OPEB	Other postretirement benefits
Platts 62% price	Platts IODEX 62% Fe Fines CFR North China
RCRA	Resource Conservation and Recovery Act
RI/FS	Remedial Investigation/Feasibility Study
SEC	U.S. Securities and Exchange Commission
Section 232	Section 232 of the Trade Expansion Act of 1962, as amended
Securities Act	Securities Act of 1933, as amended
SunCoke Middletown	Middletown Coke Company, LLC, a subsidiary of SunCoke Energy, Inc.

Abbreviation or acronym	Term
Topic 805	ASC Topic 805, Business Combinations
Topic 815	ASC Topic 815, Derivatives and Hedging
U.S.	United States of America
U.S. Steel	United States Steel Corporation and its subsidiaries, collectively, unless stated otherwise or the context indicates otherwise
USW	United Steelworkers
VEBA	Voluntary employee benefit association trusts
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, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 56**	$ 48
Accounts receivable, net	**2,301**	2,154
Inventories	**5,542**	5,188
Other current assets	**426**	263
Total current assets	**8,325**	7,653
Non-current assets:		
Property, plant and equipment, net	**9,030**	9,186
Goodwill	**1,141**	1,116
Pension and OPEB, asset	**390**	224
Other non-current assets	**802**	796
TOTAL ASSETS	**$ 19,688**	$ 18,975
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	**$ 2,361**	$ 2,073
Accrued employment costs	**479**	585
Other current liabilities	**740**	903
Total current liabilities	**3,580**	3,561
Non-current liabilities:		
Long-term debt	**4,475**	5,238
Pension liability, non-current	**464**	578
OPEB liability, non-current	**2,287**	2,383
Other non-current liabilities	**1,614**	1,441
TOTAL LIABILITIES	**12,420**	13,201
Commitments and contingencies (See Note 18)		
Equity:		
Common shares - par value $0.125 per share		
Authorized - 1,200,000,000 shares (2021 - 1,200,000,000 shares);		
Issued - 531,051,530 shares (2021 - 506,832,537 shares);		
Outstanding - 515,297,720 shares (2021 - 500,158,955 shares)	**66**	63
Capital in excess of par value of shares	**4,864**	4,892
Retained earnings (deficit)	**1,548**	(1)
Cost of 15,753,810 common shares in treasury (2021 - 6,673,582 shares)	**(280)**	(82)
Accumulated other comprehensive income	**810**	618
Total Cliffs shareholders' equity	**7,008**	5,490
Noncontrolling interest	**260**	284
TOTAL EQUITY	**7,268**	5,774
TOTAL LIABILITIES AND EQUITY	**$ 19,688**	$ 18,975

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

Statements of Unaudited Condensed Consolidated Operations

Cleveland-Cliffs Inc. and Subsidiaries

	(In Millions, Except Per Share Amounts)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	**2022**	2021
Revenues	**$ 5,653**	$ 6,004	**$ 17,945**	$ 15,098
Operating costs:				
Cost of goods sold	**(5,305)**	(4,229)	**(15,367)**	(11,838)
Selling, general and administrative expenses	**(124)**	(116)	**(353)**	(329)
Miscellaneous – net	**(37)**	(10)	**(104)**	(38)
Total operating costs	**(5,466)**	(4,355)	**(15,824)**	(12,205)
Operating income	**187**	1,649	**2,121**	2,893
Other income (expense):				
Interest expense, net	**(64)**	(81)	**(205)**	(258)
Gain (loss) on extinguishment of debt	**4**	—	**(76)**	(88)
Net periodic benefit credits other than service cost component	**49**	46	**148**	139
Other non-operating income (expense)	**(1)**	1	**(6)**	5
Total other expense	**(12)**	(34)	**(139)**	(202)
Income from continuing operations before income taxes	**175**	1,615	**1,982**	2,691
Income tax expense	**(10)**	(334)	**(404)**	(559)
Income from continuing operations	**165**	1,281	**1,578**	2,132
Income from discontinued operations, net of tax	**—**	1	**2**	2
Net income	**165**	1,282	**1,580**	2,134
Income attributable to noncontrolling interest	**(13)**	(8)	**(31)**	(39)
Net income attributable to Cliffs shareholders	**$ 152**	$ 1,274	**$ 1,549**	$ 2,095
Earnings per common share attributable to Cliffs shareholders - basic				
Continuing operations	**$ 0.30**	$ 2.46	**$ 2.98**	$ 3.87
Discontinued operations	**—**	—	**—**	—
	$ 0.30	$ 2.46	**$ 2.98**	$ 3.87
Earnings per common share attributable to Cliffs shareholders - diluted				
Continuing operations	**$ 0.29**	$ 2.33	**$ 2.95**	$ 3.69
Discontinued operations	**—**	—	**—**	—
	$ 0.29	$ 2.33	**$ 2.95**	$ 3.69

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

Statements of Unaudited Condensed Consolidated Comprehensive Income

Cleveland-Cliffs Inc. and Subsidiaries

	(In Millions)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	**2022**	2021
Net income	**$ 165**	$ 1,282	**$ 1,580**	$ 2,134
Other comprehensive income (loss):				
Changes in pension and OPEB, net of tax	**93**	6	**94**	20
Changes in foreign currency translation	**(2)**	—	**(4)**	(1)
Changes in derivative financial instruments, net of tax	**61**	83	**102**	137
Total other comprehensive income	**152**	89	**192**	156
Comprehensive income	**317**	1,371	**1,772**	2,290
Comprehensive income attributable to noncontrolling interests	**(13)**	(8)	**(31)**	(39)
Comprehensive income attributable to Cliffs shareholders	**$ 304**	$ 1,363	**$ 1,741**	$ 2,251

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,	
	2022	2021
OPERATING ACTIVITIES		
Net income	**$ 1,580**	$ 2,134
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	**788**	664
Impairment of long-lived assets	**29**	1
Deferred income taxes	**210**	557
Pension and OPEB credits	**(81)**	(59)
Loss on extinguishment of debt	**76**	88
Amortization of inventory step-up	**—**	129
Other	**75**	79
Changes in operating assets and liabilities, net of business combination:		
Receivables and other assets	**(108)**	(1,166)
Inventories	**(348)**	(793)
Income taxes	**(109)**	(1)
Pension and OPEB payments and contributions	**(174)**	(279)
Payables, accrued expenses and other liabilities	**(4)**	294
Net cash provided by operating activities	**1,934**	1,648
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(716)**	(473)
Acquisition of FPT, net of cash acquired	**(31)**	—
Acquisition of ArcelorMittal USA, net of cash acquired	**—**	54
Other investing activities	**20**	5
Net cash used by investing activities	**(727)**	(414)
FINANCING ACTIVITIES		
Series B Redeemable Preferred Stock redemption	**—**	(1,343)
Proceeds from issuance of common shares	**—**	322
Repurchase of common shares	**(210)**	—
Proceeds from issuance of debt	**—**	1,000
Repayments of debt	**(1,355)**	(1,346)
Borrowings under credit facilities	**4,650**	4,353
Repayments under credit facilities	**(4,169)**	(4,160)
Other financing activities	**(115)**	(130)
Net cash used by financing activities	**(1,199)**	(1,304)
Net increase (decrease) in cash and cash equivalents	**8**	(70)
Cash and cash equivalents at beginning of period	**48**	112
Cash and cash equivalents at end of period	**$ 56**	$ 42

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

Statements of Unaudited Condensed Consolidated Changes in Equity

Cleveland-Cliffs Inc. and Subsidiaries

	(In Millions)							
	Number of Common Shares Outstanding	Par Value of Common Shares Issued	Capital in Excess of Par Value of Shares	Retained Earnings (Deficit)	Common Shares in Treasury	AOCI	Non-controlling Interests	Total
December 31, 2021	**500**	**$ 63**	**$ 4,892**	**$ (1)**	**$ (82)**	**$ 618**	**$ 284**	**$ 5,774**
Comprehensive income	**—**	**—**	**—**	**801**	**—**	**97**	**13**	**911**
Redemption of convertible debt	**24**	**3**	**(28)**	**—**	**—**	**—**	**—**	**(25)**
Stock and other incentive plans	**2**	**—**	**(16)**	**—**	**11**	**—**	**—**	**(5)**
Common stock repurchases	**(1)**	**—**	**—**	**—**	**(19)**	**—**	**—**	**(19)**
Net distributions to noncontrolling interests	**—**	**—**	**—**	**—**	**—**	**—**	**(28)**	**(28)**
March 31, 2022	**525**	**$ 66**	**$ 4,848**	**$ 800**	**$ (90)**	**$ 715**	**$ 269**	**$ 6,608**
Comprehensive income (loss)	**—**	**—**	**—**	**596**	**—**	**(57)**	**5**	**544**
Stock and other incentive plans	**—**	**—**	**7**	**—**	**1**	**—**	**—**	**8**
Common stock repurchases	**(8)**	**—**	**—**	**—**	**(157)**	**—**	**—**	**(157)**
Net distributions to noncontrolling interests	**—**	**—**	**—**	**—**	**—**	**—**	**(9)**	**(9)**
June 30, 2022	**517**	**$ 66**	**$ 4,855**	**$ 1,396**	**$ (246)**	**$ 658**	**$ 265**	**$ 6,994**
Comprehensive income	**—**	**—**	**—**	**152**	**—**	**152**	**13**	**317**
Stock and other incentive plans	**—**	**—**	**9**	**—**	**—**	**—**	**—**	**9**
Common stock repurchases	**(2)**	**—**	**—**	**—**	**(34)**	**—**	**—**	**(34)**
Net distributions to noncontrolling interests	**—**	**—**	**—**	**—**	**—**	**—**	**(18)**	**(18)**
September 30, 2022	**515**	**$ 66**	**$ 4,864**	**$ 1,548**	**$ (280)**	**$ 810**	**$ 260**	**$ 7,268**

	(In Millions)							
	Number of Common Shares Outstanding	Par Value of Common Shares Issued	Capital in Excess of Par Value of Shares	Retained Earnings (Deficit)	Common Shares in Treasury	AOCI (Loss)	Non-controlling Interests	Total
December 31, 2020	478	$ 63	$ 5,431	$ (2,989)	$ (354)	$ (133)	$ 323	$ 2,341
Comprehensive income	—	—	—	41	—	13	16	70
Issuance of common stock	20	—	78	—	244	—	—	322
Stock and other incentive plans	1	—	(22)	—	17	—	—	(5)
Acquisition of ArcelorMittal USA - Measurement period adjustments	—	—	—	—	—	—	(1)	(1)
Net distributions to noncontrolling interests	—	—	—	—	—	—	(8)	(8)
March 31, 2021	499	$ 63	$ 5,487	$ (2,948)	$ (93)	$ (120)	$ 330	$ 2,719
Comprehensive income	—	—	—	780	—	54	15	849
Stock and other incentive plans	1	—	4	—	6	—	—	10
Acquisition of ArcelorMittal USA - Measurement period adjustments	—	—	—	—	—	—	(13)	(13)
Net distributions to noncontrolling interests	—	—	—	—	—	—	(24)	(24)
June 30, 2021	500	$ 63	$ 5,491	$ (2,168)	$ (87)	$ (66)	$ 308	$ 3,541
Comprehensive income	—	—	—	1,274	—	89	8	1,371
Stock and other incentive plans	—	—	5	—	4	—	—	9
Series B Redeemable Preferred Stock redemption	—	—	(605)	—	—	—	—	(605)
Repurchase of convertible debt	—	—	(4)	—	—	—	—	(4)
Net distributions to noncontrolling interests	—	—	—	—	—	—	(22)	(22)
September 30, 2021	500	$ 63	$ 4,887	$ (894)	$ (83)	$ 23	$ 294	$ 4,290

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

Notes to Unaudited Condensed Consolidated Financial Statements

Cleveland-Cliffs Inc. and Subsidiaries

NOTE 1 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Business, Consolidation and Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with SEC rules and regulations and, in the opinion of management, include all adjustments (consisting of normal recurring adjustments) necessary to present fairly the financial position, results of operations, comprehensive income, cash flows and changes in equity for the periods presented. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management bases its estimates on various assumptions and historical experience, which are believed to be reasonable; however, due to the inherent nature of estimates, actual results may differ significantly due to changed conditions or assumptions. The results of operations for the three and nine months ended September 30, 2022 are not necessarily indicative of results to be expected for the year ending December 31, 2022 or any other future period. These unaudited condensed consolidated financial statements should be read in conjunction with the financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2021 and in our Quarterly Report on Form 10-Q for the quarterly periods ended June 30, 2022 and March 31, 2022.

Business Operations

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

Basis of Consolidation

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

Investments in Affiliates

We have investments in several businesses accounted for using the equity method of accounting. As of September 30, 2022 and December 31, 2021, our investment in affiliates of $134 million and $128 million, respectively, was classified in *Other non-current assets.*

Significant Accounting Policies

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

Recent Accounting Pronouncements

Issued and Adopted

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

Issued and Not Yet Effective

In September 2022, the FASB issued *ASU No. 2022-04, Liabilities - Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations.* This guidance requires annual and interim disclosure of the key terms of outstanding supplier finance programs and a rollforward of the related obligations. The new standard does not affect the recognition, measurement or financial statement presentation of the supplier finance program obligations. These amendments are effective for fiscal years beginning after December 15, 2022, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023. Upon adoption, we may be required to include additional disclosures to the extent we have material supplier finance program obligations.

NOTE 2 - SUPPLEMENTARY FINANCIAL STATEMENT INFORMATION

Allowance for Credit Losses

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

	(In Millions)	
	2022	2021
Allowance for credit losses as of January 1	**$ (4)**	$ (5)
Increase in allowance	**(1)**	—
Allowance for credit losses as of September 30	**$ (5)**	$ (5)

Inventories

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

	(In Millions)	
	September 30, 2022	December 31, 2021
Product inventories		
Finished and semi-finished goods	**$ 3,084**	$ 2,814
Raw materials	**2,111**	2,070
Total product inventories	**5,195**	4,884
Manufacturing supplies and critical spares	**347**	304
Inventories	**$ 5,542**	$ 5,188

Cash Flow Information

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

	(In Millions)	
	Nine Months Ended September 30,	
	2022	2021
Capital additions	**$ 736**	$ 572
Less:		
Non-cash accruals	**(10)**	64
Right-of-use assets - finance leases	**30**	35
Cash paid for capital expenditures including deposits	**$ 716**	$ 473

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

	(In Millions)	
	Nine Months Ended September 30,	
	2022	2021
Taxes paid on income	**$ 306**	$ 38
Income tax refunds	**(3)**	(15)
Interest paid on debt obligations net of capitalized interest [1]	**201**	231

[1] Capitalized interest was $7 million and $4 million for the nine months ended September 30, 2022 and 2021, respectively.

NOTE 3 - ACQUISITIONS

FPT Acquisition

Overview

On November 18, 2021, pursuant to the FPT Acquisition Agreement, we completed the FPT Acquisition, in which we were the acquirer. The FPT Acquisition gives us a competitive advantage in sourcing prime scrap, a key raw material for our steelmaking facilities. We incurred acquisition-related costs, excluding severance costs, of $1 million for the nine months ended September 30, 2022, which was recorded in *Selling, general and administrative expenses* on the Statements of Unaudited Condensed Consolidated Operations .

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

	(In Millions)
Cash consideration:	
Cash consideration pursuant to the FPT Acquisition Agreement	$ 778
Cash consideration paid related to Internal Revenue Code Section 338(h)(10)	23
Total cash consideration	801
Fair value of settlement of a pre-existing relationship	(20)
Total purchase consideration	**$ 781**

We made certain elections under Section 338(h)(10) of the Internal Revenue Code with respect to entities acquired in connection with the FPT Acquisition that were finalized during the third quarter of 2022, which changed the final cash consideration.

Valuation Assumption and Purchase Price Allocation

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

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

	(In Millions)		
	Initial Allocation of Consideration	Measurement Period Adjustments	Updated Allocation
Cash and cash equivalents	$ 9	$ —	$ 9
Accounts receivable, net	233	2	235
Inventories	137	(1)	136
Other current assets	4	—	4
Property, plant and equipment	179	12	191
Other non-current assets	74	(11)	63
Accounts payable	(122)	—	(122)
Accrued employment costs	(8)	—	(8)
Other current liabilities	(9)	—	(9)
Other non-current liabilities	(21)	(1)	(22)
Net identifiable assets acquired	476	1	477
Goodwill	279	25	304
Total net assets acquired	$ 755	$ 26	$ 781

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

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

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

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

NOTE 4 - REVENUES

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

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

The following table represents our *Revenues* by market:

	(In Millions) Three Months Ended September 30,		(In Millions) Nine Months Ended September 30,	
	2022	2021	**2022**	2021
Steelmaking:				
Automotive	**$ 1,734**	$ 1,149	**$ 4,985**	$ 3,577
Infrastructure and manufacturing	**1,462**	1,603	**4,619**	3,889
Distributors and converters	**1,468**	2,447	**5,137**	5,672
Steel producers	**847**	670	**2,740**	1,572
Total Steelmaking	**5,511**	5,869	**17,481**	14,710
Other Businesses:				
Automotive	**113**	105	**359**	306
Infrastructure and manufacturing	**14**	12	**43**	33
Distributors and converters	**15**	18	**62**	49
Total Other Businesses	**142**	135	**464**	388
Total revenues	**$ 5,653**	$ 6,004	**$ 17,945**	$ 15,098

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

	(Dollars in Millions, Sales Volumes in Thousands of Net Tons) Three Months Ended September 30,			
	2022		2021	
	Revenue	**Volume**	Revenue	Volume
Steelmaking:				
Hot-rolled steel	**$ 1,050**	**1,055**	$ 1,800	1,332
Cold-rolled steel	**740**	**530**	935	728
Coated steel	**1,757**	**1,203**	1,635	1,291
Stainless and electrical steel	**596**	**196**	441	177
Plate	**432**	**228**	357	244
Other steel products	**370**	**423**	374	381
Other	**566**	**N/A**	327	N/A
Total Steelmaking	**5,511**		5,869	
Other Businesses:				
Other	**142**	**N/A**	135	N/A
Total revenues	**$ 5,653**		$ 6,004	

	(Dollars in Millions, Sales Volumes in Thousands of Net Tons)			
	Nine Months Ended September 30,			
	2022		2021	
	Revenue	Volume	Revenue	Volume
Steelmaking:				
Hot-rolled steel	**$ 3,495**	**2,996**	$ 4,204	3,900
Cold-rolled steel	**2,593**	**1,771**	2,352	2,196
Coated steel	**5,338**	**3,636**	4,338	3,907
Stainless and electrical steel	**1,765**	**579**	1,201	512
Plate	**1,306**	**687**	929	792
Other steel products	**1,121**	**1,244**	1,009	1,195
Other	**1,863**	**N/A**	677	N/A
Total Steelmaking	**17,481**		14,710	
Other Businesses:				
Other	**464**	**N/A**	388	N/A
Total revenues	**$ 17,945**		$ 15,098	

NOTE 5 - SEGMENT REPORTING

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

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

Our results by segment are as follows:

	(In Millions)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	**2022**	2021
Revenues:				
Steelmaking	**$ 5,511**	$ 5,869	**$ 17,481**	$ 14,710
Other Businesses	**142**	135	**464**	388
Total revenues	**$ 5,653**	$ 6,004	**$ 17,945**	$ 15,098
Adjusted EBITDA:				
Steelmaking	**$ 436**	$ 1,934	**$ 2,967**	$ 3,796
Other Businesses	**9**	6	**58**	25
Eliminations[1]	**7**	(7)	**8**	(15)
Total Adjusted EBITDA	**$ 452**	$ 1,933	**$ 3,033**	$ 3,806

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

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

	(In Millions)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	**2022**	2021
Net income	**$ 165**	$ 1,282	**$ 1,580**	$ 2,134
Less:				
Interest expense, net	**(64)**	(81)	**(205)**	(258)
Income tax expense	**(10)**	(334)	**(404)**	(559)
Depreciation, depletion and amortization	**(237)**	(239)	**(788)**	(664)
	476	1,936	**2,977**	3,615
Less:				
EBITDA of noncontrolling interests[1]	**22**	17	**57**	60
Asset impairment	**—**	—	**(29)**	—
Gain (loss) on extinguishment of debt	**4**	—	**(76)**	(88)
Severance costs	**(2)**	(3)	**(9)**	(15)
Acquisition-related costs excluding severance costs	**—**	(1)	**(1)**	(3)
Acquisition-related loss on equity method investment	**—**	—	**—**	(18)
Amortization of inventory step-up	**—**	(11)	**—**	(129)
Impact of discontinued operations	**—**	1	**2**	2
Total Adjusted EBITDA	**$ 452**	$ 1,933	**$ 3,033**	$ 3,806
[1] EBITDA of noncontrolling interests includes the following:				
Net income attributable to noncontrolling interests	**$ 13**	$ 8	**$ 31**	$ 39
Depreciation, depletion and amortization	**9**	9	**26**	21
EBITDA of noncontrolling interests	**$ 22**	$ 17	**$ 57**	$ 60

The following summarizes our assets by segment:

	(In Millions)	
	September 30, 2022	December 31, 2021
Assets:		
Steelmaking	$ 18,843	$ 18,326
Other Businesses	313	306
Total segment assets	19,156	18,632
Corporate/Eliminations	532	343
Total assets	$ 19,688	$ 18,975

The following table summarizes our depreciation, depletion and amortization and capital additions by segment:

	(In Millions)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Depreciation, depletion and amortization:				
Steelmaking	$ (227)	$ (230)	$ (758)	$ (637)
Other Businesses	(10)	(9)	(30)	(27)
Total depreciation, depletion and amortization	$ (237)	$ (239)	$ (788)	$ (664)
Capital additions[1]:				
Steelmaking	$ 240	$ 233	$ 712	$ 512
Other Businesses	6	10	21	42
Corporate	1	—	3	18
Total capital additions	$ 247	$ 243	$ 736	$ 572

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

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

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

	(In Millions)	
	September 30, 2022	December 31, 2021
Land, land improvements and mineral rights	$ 1,396	$ 1,291
Buildings	914	889
Equipment	9,042	8,709
Other	232	229
Construction in progress	534	408
Total property, plant and equipment[1]	12,118	11,526
Allowance for depreciation and depletion	(3,088)	(2,340)
Property, plant and equipment, net	$ 9,030	$ 9,186

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

We recorded depreciation and depletion expense of $235 million and $782 million for the three and nine months ended September 30, 2022, respectively, and $238 million and $661 million for the three and nine months ended September 30, 2021, respectively. Depreciation and depletion expense for the nine months ended September 30, 2022 includes $23 million of accelerated depreciation related to the decision to indefinitely idle the coke facility at Middletown Works and $68 million of accelerated depreciation related to the indefinite idle of the Indiana Harbor #4 blast furnace.

NOTE 7 - GOODWILL AND INTANGIBLE ASSETS AND LIABILITIES

Goodwill

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

	(In Millions)	
	September 30, 2022	December 31, 2021
Steelmaking	**$ 967**	$ 942
Other Businesses	**174**	174
Total goodwill	**$ 1,141**	$ 1,116

The increase of $25 million in the balance of *Goodwill* in our Steelmaking segment as of September 30, 2022, compared to December 31, 2021, is due to the change in estimated identified goodwill as a result of measurement period adjustments to the preliminary purchase price allocation for the FPT Acquisition. Refer to NOTE 3 - ACQUISITIONS for further details.

Intangible Assets and Liabilities

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

	(In Millions)					
	September 30, 2022			December 31, 2021		
	Gross Amount	**Accumulated Amortization**	**Net Amount**	Gross Amount	Accumulated Amortization	Net Amount
Intangible assets[1]:						
Customer relationships	**$ 90**	**$ (12)**	**$ 78**	$ 95	$ (8)	$ 87
Developed technology	**60**	**(9)**	**51**	60	(6)	54
Trade names and trademarks	**18**	**(4)**	**14**	18	(2)	16
Mining permits	**72**	**(26)**	**46**	72	(26)	46
Supplier relationships	**21**	**(1)**	**20**	18	—	18
Total intangible assets	**$ 261**	**$ (52)**	**$ 209**	$ 263	$ (42)	$ 221
Intangible liabilities[2]:						
Above-market supply contracts	**$ (71)**	**$ 18**	**$ (53)**	$ (71)	$ 14	$ (57)

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

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

Amortization expense related to intangible assets was $3 million and $10 million for the three and nine months ended September 30, 2022, respectively, and $3 million and $8 million for the three and nine months ended September 30, 2021, respectively. Estimated future amortization expense is $3 million for the remainder of 2022 and $13 million annually for the years 2023 through 2027.

Income from amortization related to the intangible liabilities was $1 million and $4 million for the three and nine months ended September 30, 2022, respectively, and $2 million and $5 million for the three and nine months ended September 30, 2021, respectively. Estimated future income from amortization is $1 million for the remainder of 2022 and $5 million annually for the years 2023 through 2027.

NOTE 8 - DEBT AND CREDIT FACILITIES

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

(In Millions)				
Debt Instrument	**Issuer[1]**	**Annual Effective Interest Rate**	**September 30, 2022**	December 31, 2021
Senior Secured Notes:				
9.875% 2025 Senior Secured Notes	Cliffs	**10.57%**	**$ —**	$ 607
6.750% 2026 Senior Secured Notes	Cliffs	**6.99%**	**829**	845
Senior Unsecured Notes:				
1.500% 2025 Convertible Senior Notes	Cliffs	**6.26%**	**—**	294
7.000% 2027 Senior Notes	Cliffs	**9.24%**	**73**	73
7.000% 2027 AK Senior Notes	AK Steel	**9.24%**	**56**	56
5.875% 2027 Senior Notes	Cliffs	**6.49%**	**556**	556
4.625% 2029 Senior Notes	Cliffs	**4.63%**	**370**	500
4.875% 2031 Senior Notes	Cliffs	**4.88%**	**326**	500
6.250% 2040 Senior Notes	Cliffs	**6.34%**	**235**	263
IRBs due 2024 to 2028	AK Steel	**Various**	**—**	66
ABL Facility	Cliffs[2]	**Variable[3]**	**2,090**	1,609
Total principal amount			**4,535**	5,369
Unamortized discounts and issuance costs			**(60)**	(131)
Total long-term debt			**$ 4,475**	$ 5,238

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

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

[3] Our ABL Facility annual effective interest rate was4.23% and 1.87%, respectively, as of September 30, 2022 and December 31, 2021.

Debt Extinguishments

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

	(In Millions)			
	Three Months Ended September 30, 2022		**Nine Months Ended September 30, 2022**	
Debt Instrument	**Debt Extinguished**	**Gain on Extinguishment**	**Debt Extinguished**	**Gain (Loss) on Extinguishment**
9.875% 2025 Senior Secured Notes	**$ —**	**$ —**	**$ 607**	**$ (85)**
6.750% 2026 Senior Notes	**—**	**—**	**16**	**(1)**
1.500% 2025 Convertible Senior Notes	**—**	**—**	**294**	**(16)**
4.625% 2029 Senior Notes	**—**	**—**	**130**	**8**
4.875% 2031 Senior Notes	**13**	**1**	**174**	**13**
6.250% 2040 Senior Notes	**28**	**3**	**28**	**3**
IRBs due 2024 to 2028	**—**	**—**	**66**	**2**
Total	**$ 41**	**$ 4**	**$ 1,315**	**$ (76)**

ABL Facility

As of September 30, 2022, we were in compliance with the ABL Facility liquidity requirements and, therefore, the springing financial covenant requiring a minimum fixed charge coverage ratio of 1.0 to 1.0 was not applicable.

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

	(In Millions)
	September 30, 2022
Available borrowing base on ABL Facility[1]	**$ 4,500**
Borrowings	**(2,090)**
Letter of credit obligations[2]	**(166)**
Borrowing capacity available	**$ 2,244**

[1] As of September 30, 2022, the ABL Facility has a maximum available borrowing base of $4.5 billion. The borrowing base is determined by applying customary advance rates to eligible accounts receivable, inventory and certain mobile equipment.

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

Debt Maturities

The following represents a summary of our maturities of debt instruments based on the principal amounts outstanding at September 30, 2022:

	(In Millions)
	Maturities of Debt
2022 (remaining period of year)	$ —
2023	—
2024	—
2025	2,090
2026	829
Thereafter	1,616
Total maturities of debt	$ 4,535

NOTE 9 - FAIR VALUE MEASUREMENTS

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

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

		(In Millions)			
		September 30, 2022		December 31, 2021	
	Classification	Carrying Value	Fair Value	Carrying Value	Fair Value
Senior notes	Level 1	**$ 2,385**	**$ 2,219**	$ 3,561	$ 3,911
IRBs due 2024 to 2028	Level 1	**—**	**—**	68	66
ABL Facility - outstanding balance	Level 2	**2,090**	**2,090**	1,609	1,609
Total		**$ 4,475**	**$ 4,309**	$ 5,238	$ 5,586

NOTE 10 - PENSIONS AND OTHER POSTRETIREMENT BENEFITS

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

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

Defined Benefit Pension Costs (Credits)

	(In Millions)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	**2022**	2021
Service cost	**$ 11**	$ 14	**$ 35**	$ 42
Interest cost	**32**	26	**95**	78
Expected return on plan assets	**(93)**	(89)	**(277)**	(269)
Amortization:				
Prior service costs	**1**	1	**1**	1
Net actuarial loss	**4**	8	**11**	24
Net periodic benefit credits	**$ (45)**	$ (40)	**$ (135)**	$ (124)

OPEB Costs (Credits)

	(In Millions)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	**2022**	2021
Service cost	**$ 11**	$ 13	**$ 32**	$ 38
Interest cost	**19**	19	**59**	56
Expected return on plan assets	**(10)**	(10)	**(29)**	(30)
Amortization:				
Prior service costs (credits)	**1**	(2)	**1**	(2)
Net actuarial loss (gain)	**(3)**	1	**(9)**	3
Net periodic benefit costs	**$ 18**	$ 21	**$ 54**	$ 65

Based on funding requirements, we made $1 million defined benefit pension contributions for both the three and nine months ended September 30, 2022. Based on funding requirements, we made defined benefit pension contributions of $1 million and $154 million for the three and nine months ended September 30, 2021, respectively. As a result of the CARES Act (Coronavirus Aid, Relief, and Economic Security Act) enacted on March 27, 2020, we deferred $118 million of 2020 pension contributions, which were paid on January 4, 2021. We made contributions to our voluntary employee benefit association trust plans of $24 million and $80 million for the three and nine months ended September 30, 2022, respectively, and $22 million and $27 million for the three and nine months ended September 30, 2021, respectively.

USW Labor Agreement - Legacy Mining Operations

On September 30, 2022, a new 47-month labor agreement with the USW was ratified. The contract became effective on October 1, 2022, and covers approximately 2,000 USW-represented employees at our United Taconite, Hibbing Taconite, Tilden and Empire mines. For the affected defined benefit pension plans, we agreed to increase the pre-2023 service multiplier to $115 and the service multiplier applicable to service beginning in 2023 to $ 126 for retirements after January 1, 2023. For the affected OPEB plans, we introduced a new Medicare Advantage plan to the Medicare-eligible retirees. Effective January 1, 2023, all Medicare-eligible retirees covered under this agreement will switch to this plan. The Medicare Advantage plan will offer similar benefits to the previous healthcare plan but will have significantly lower premiums due to increased government subsidies and our successful use of scale to negotiate better healthcare rates with our vendors.

As a result of the increase in pension benefit and conversion to the Medicare Advantage offering, we were required to remeasure the plan assets and benefit obligations for the affected plans as of September 30, 2022. The remeasurement reflects updates for plan amendments, discount rates, assets values and other actuarial assumptions as of the remeasurement date.

The funded status of the affected defined benefit pension plans improved $ 38 million as a result of the remeasurement. Actuarial gains on the pension benefit obligations amounted to $247 million, offset by plan amendment losses of $ 32 million and actual plan asset losses that were $ 177 million lower than the estimated returns on assets. The actuarial gain is primarily due to the increase in the weighted average discount rate used to measure the benefit obligations from 2.97% at December 31, 2021 to 5.64% at the remeasurement date. The plan amendment loss is attributable to the service multiplier increase.

The funded status of the affected OPEB plans improved $ 81 million as a result of the remeasurement. Actuarial gains and plan amendment gains on the benefit obligations amounted to $76 million and $86 million, respectively, and were offset by actual plan asset losses that were $ 81 million lower than the estimated returns on assets. The actuarial gain is primarily due to the increase in the weighted average discount rate used to measure the benefit obligations from 2.91% at December 31, 2021 to 5.64% at the remeasurement date. The plan amendment gain is attributable to the implementation of the new Medicare Advantage offering.

Our expected net periodic benefit credit will decrease $ 3 million to $104 million for the full-year 2022 as a result of the remeasurements.

NOTE 11 - INCOME TAXES

Our 2022 estimated annual effective tax rate before discrete items as of September 30, 2022 is 20%. The estimated annual effective tax rate is lower than the U.S. statutory rate of 21% due to percentage depletion in excess of cost depletion. The 2021 estimated annual effective tax rate before discrete items as of September 30, 2021 was 21%. The decrease in the estimated annual effective tax rate before discrete items is driven by the change in income and the percentage depletion in excess of cost depletion.

On August 16, 2022, the Inflation Reduction Act was signed into law in the U.S., which, among other things, implements a 15% minimum tax on book income of certain large corporations, a 1% excise tax on net stock repurchases and several tax incentives to promote clean energy. Based on our current analysis of the provisions, we do not believe that this legislation will have a material impact on our consolidated financial statements.

NOTE 12 - ASSET RETIREMENT OBLIGATIONS

The following is a summary of our asset retirement obligations:

	(In Millions)	
	September 30, 2022	December 31, 2021
Asset retirement obligations[1]	**$ 522**	$ 449
Less: current portion	**17**	35
Long-term asset retirement obligations	**$ 505**	$ 414

[1] Includes $279 million and $293 million related to our active operations as of September 30, 2022 and December 31, 2021, respectively.

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

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

	(In Millions)	
	2022	2021
Asset retirement obligation as of January 1	**$ 449**	$ 342
Increase from acquisitions	**—**	57
Accretion expense	**21**	13
Reclassification from environmental obligations	**63**	—
Revision in estimated cash flows	**22**	—
Remediation payments	**(33)**	(20)
Asset retirement obligation as of September 30	**$ 522**	$ 392

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

NOTE 13 - DERIVATIVE INSTRUMENTS

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

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

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

			September 30, 2022	December 31, 2021
Commodity Contracts	**Unit of Measure**	**Maturity Dates**	**Notional Amount**	Notional Amount
Natural Gas	MMBtu	October 2022 - May 2025	**138,380,000**	92,591,000
Zinc	Metric tons	October 2022 - December 2022	**4,023**	16,092
Electricity	Megawatt hours	January 2023 - December 2023	**432,043**	—
Tin	Metric tons	October 2022 - December 2023	**225**	—

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

	(In Millions)	
Balance Sheet Location	**September 30, 2022**	December 31, 2021
Other current assets	**$ 86**	$ 40
Other non-current assets	**54**	—
Other current liabilities	**(24)**	(10)
Other non-current liabilities	**(8)**	(4)

NOTE 14 - CAPITAL STOCK

Share Repurchase Program

On February 10, 2022, our Board of Directors authorized a program to repurchase outstanding common shares in the open market or in privately negotiated transactions, which may include purchases pursuant to Rule 10b5-1 plans or accelerated share repurchases, up to a maximum of $1 billion. We are not obligated to make any purchases and the program may be suspended or discontinued at any time. The share repurchase program does not have a specific expiration date. During the three and nine months ended September 30, 2022, we repurchased 2.0 million and 10.5 million common shares, respectively, at a cost of $34 million and $210 million in the aggregate, respectively.

Underwritten Public Offering

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

Preferred Stock

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

NOTE 15 - ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

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

	(In Millions)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	**2022**	2021
Foreign Currency Translation				
Beginning balance	**$ (1)**	$ 2	**$ 1**	$ 3
Other comprehensive loss before reclassifications	**(2)**	—	**(4)**	(1)
Ending balance	**$ (3)**	$ 2	**$ (3)**	$ 2
Derivative Instruments				
Beginning balance	**$ 109**	$ 53	**$ 68**	$ (1)
Other comprehensive income before reclassifications	**154**	118	**292**	192
Income tax	**(38)**	(25)	**(69)**	(40)
Other comprehensive income before reclassifications, net of tax	**116**	93	**223**	152
Gains reclassified from AOCI to net income [1]	**(74)**	(13)	**(158)**	(19)
Income tax expense[2]	**19**	3	**37**	4
Net gains reclassified from AOCI to net income	**(55)**	(10)	**(121)**	(15)
Ending balance	**$ 170**	$ 136	**$ 170**	$ 136
Pension and OPEB				
Beginning balance	**$ 550**	$ (121)	**$ 549**	$ (135)
Other comprehensive income before reclassifications[4]	**119**	—	**119**	—
Income tax	**(28)**	—	**(28)**	—
Other comprehensive income before reclassifications, net of tax	**91**	—	**91**	—
Losses reclassified from AOCI to net income [3]	**3**	8	**4**	26
Income tax benefit[2]	**(1)**	(2)	**(1)**	(6)
Net losses reclassified from AOCI to net income	**2**	6	**3**	20
Ending balance	**$ 643**	$ (115)	**$ 643**	$ (115)
Total AOCI Ending Balance	**$ 810**	$ 23	**$ 810**	$ 23

[1] Amounts recognized in *Cost of goods sold* in the Statements of Unaudited Condensed Consolidated Operations.
[2] Amounts recognized in *Income tax expense* in the Statements of Unaudited Condensed Consolidated Operations.
[3] Amounts recognized in *Net periodic benefit credits other than service cost component* in the Statements of Unaudited Condensed Consolidated Operations.
[4] Amounts relate to the net actuarial gain triggered by the interim remeasurement on the pension and OPEB plans affected by the USW labor agreement with our legacy mining operations. Refer to NOTE 10 - PENSIONS AND OTHER POSTRETIREMENT BENEFITS 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 and have committed to purchase all the expected production from the facility through 2032. We consolidate SunCoke Middletown as a VIE because we are the primary beneficiary despite having no ownership interest in SunCoke Middletown. SunCoke Middletown had income before income taxes of $14 million and $36 million for the three and nine months ended September 30, 2022, respectively, compared to $11 million and $43 million for the three and nine months ended September 30, 2021, respectively, that was included in our consolidated income before income taxes.

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

	(In Millions)	
	September 30, 2022	December 31, 2021
Cash and cash equivalents	**$ —**	$ —
Inventories	**34**	20
Property, plant and equipment, net	**292**	300
Accounts payable	**(24)**	(12)
Other assets (liabilities), net	**(22)**	(12)
Noncontrolling interests	**(280)**	(296)

NOTE 17 - EARNINGS PER SHARE

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

	(In Millions, Except Per Share Amounts)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	**2022**	2021
Income from continuing operations	**$ 165**	$ 1,281	**$ 1,578**	$ 2,132
Income from continuing operations attributable to noncontrolling interest	**(13)**	(8)	**(31)**	(39)
Net income from continuing operations attributable to Cliffs shareholders	**152**	1,273	**1,547**	2,093
Income from discontinued operations, net of tax	**—**	1	**2**	2
Net income attributable to Cliffs shareholders	**$ 152**	$ 1,274	**$ 1,549**	$ 2,095
Weighted average number of shares:				
Basic	**516**	500	**520**	497
Redeemable preferred shares	**—**	17	**—**	44
Convertible senior notes [1]	**—**	24	**2**	21
Employee stock plans	**3**	6	**4**	5
Diluted	**519**	547	**526**	567
Earnings per common share attributable to Cliffs shareholders - basic [2]:				
Continuing operations	**$ 0.30**	$ 2.46	**$ 2.98**	$ 3.87
Discontinued operations	**—**	—	**—**	—
	$ 0.30	$ 2.46	**$ 2.98**	$ 3.87
Earnings per common share attributable to Cliffs shareholders - diluted:				
Continuing operations	**$ 0.29**	$ 2.33	**$ 2.95**	$ 3.69
Discontinued operations	**—**	—	**—**	—
	$ 0.29	$ 2.33	**$ 2.95**	$ 3.69

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

[2] For the three and nine months ended September 30, 2021, basic earnings per share is calculated by dividing *Net income attributable to Cliffs shareholders*, less $42 million and $172 million, respectively, of earnings attributed to Series B Participating Redeemable Preferred Stock, by the weighted average number of basic common shares outstanding during the period presented.

NOTE 18 - COMMITMENTS AND CONTINGENCIES

Purchase Commitments

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

Contingencies

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

Environmental Contingencies

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

The following is a summary of our environmental obligations:

	(In Millions)	
	September 30, 2022	December 31, 2021
Environmental obligations	**$ 143**	$ 207
Less: current portion	**18**	20
Long-term environmental obligations	**$ 125**	$ 187

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

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

Pursuant to RCRA, which governs the treatment, handling and disposal of hazardous waste, the EPA and authorized state environmental agencies may conduct inspections of RCRA-regulated facilities to identify areas where there have been releases of hazardous waste or hazardous constituents into the environment and may order the facilities to take corrective action to remediate such releases. Likewise, the EPA or the states may require closure or post-closure care of residual, industrial and hazardous waste management units. Environmental regulators have the authority to inspect all of our facilities. While we cannot predict the future actions of these regulators, it is possible that they may identify conditions in future inspections of these facilities that they believe require corrective action.

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

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

Burns Harbor Water Issues

In August 2019, ArcelorMittal Burns Harbor LLC (n/k/a Cleveland-Cliffs Burns Harbor LLC) suffered a loss of the blast furnace cooling water recycle system, which led to the discharge of cyanide and ammonia in excess of the Burns Harbor plant's NPDES permit limits. Since that time, the facility has taken numerous steps to prevent recurrence and maintain compliance with its NPDES permit. We engaged in settlement discussions with the U.S. Department of Justice, the EPA and the State of Indiana to resolve any alleged violations of environmental laws or regulations arising out of the August 2019 event. Later stages of the settlement discussions included the Environmental Law and Policy Center (ELPC) and Hoosier Environmental Council (HEC), which had filed a lawsuit on December 20, 2019 in the U.S. District Court for the Northern District of Indiana alleging violations resulting from the August 2019 event and other Clean Water Act claims. On February 14, 2022, the United States and the State of Indiana filed a complaint and a proposed consent decree, and on April 21, 2022, the United States, with the consent of all of the parties, filed a motion seeking final approval of the consent decree from the court. The consent decree was approved by the court with an effective date of May 6, 2022. The consent decree requires specified enhancements to the mill's wastewater treatment systems and required us to pay a $3 million civil penalty, along with other terms and conditions. Other parties to the consent decree include the United States, the State of Indiana, ELPC and HEC. The ELPC/HEC civil litigation was dismissed with prejudice on May 12, 2022. In addition, ArcelorMittal Burns Harbor LLC was served with a subpoena on December 5, 2019, from the United States District Court for the Northern District of Indiana, relating to the August 2019 event and has responded to the subpoena requests, including follow-up requests. With the resolution of monetary sanctions and injunctive relief requirements under the consent decree, we do not believe that the costs to resolve any other third-party claims, including potential natural resource damages claims, that may arise out of the August 2019 event are likely to have, individually or in the aggregate, a material adverse effect on our consolidated financial condition, results of operations or cash flows.

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

Tax Matters

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

Other Contingencies

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

NOTE 19 - SUBSEQUENT EVENTS

On October 12, 2022, we announced the ratification of a new 4-year labor agreement with the USW, covering 12,000 USW-represented employees at 13 operating locations. As a result of significant pension and OPEB plan amendments in the agreement, we will be required to remeasure the plan assets and benefit obligations for the affected defined benefit pension and OPEB plans as of the October 12, 2022 ratification date.

The following table sets forth amounts recognized in the Statements of Financial Position related to pension and OPEB:

- on an actual basis as of September 30, 2022 reflecting our consolidated pension and OPEB; and
- on a pro forma basis as of September 30, 2022 to give effect to the remeasurement of pension and OPEB plans affected by the October 12, 2022 ratification. The pro forma column is presented with pro forma data pursuant to ASC 855-10-50-3.

	(In Millions)			
	Pension Benefits		OPEB	
	Actual	Pro forma	Actual	Pro forma
	September 30, 2022	September 30, 2022	September 30, 2022	September 30, 2022
Non-current assets	$ 227	$ 227	$ 163	$ 163
Current liabilities	(4)	(4)	(130)	(94)
Non-current liabilities	(464)	(558)	(2,287)	(801)
Funded Status	$ (241)	$ (335)	$ (2,254)	$ (732)

The remeasurement reflects updates for plan amendments, discount rates, asset values, and other actuarial assumptions as of September 30, 2022 for the affected plans.

The funded status of the affected defined benefit pension plans decreased $ 94 million as a result of the remeasurement. Actuarial gains on the benefit obligations amounted to $648 million, offset by plan amendment losses of $ 90 million and actual plan asset losses that were $ 652 million lower than the estimated returns on assets. The actuarial gain is primarily due to the increase in the weighted average discount rate used to measure the benefit obligations from 2.74% at December 31, 2021 to 5.61% at the remeasurement date. The plan amendment loss is attributable to the increase to the pre-2023 service multiplier to $115 and the service multiplier applicable to service beginning in 2023 to $ 126 for retirements after January 1, 2023.

The funded status of the affected OPEB plans improved $ 1,522 million as a result of the remeasurement. Actuarial gains and plan amendment gains on the benefit obligations amounted to $1,460 million and $62 million, respectively. The actuarial gain is primarily due to the decrease in per capita health care costs and the increase in the weighted average discount rate used to measure the benefit obligations from 3.12% at December 31, 2021 to 5.63% at the remeasurement date. The lower health care costs are attributable to newly negotiated Medicare Advantage Prescription Drug rates, which are a result of increased government subsidies and our successful use of scale to negotiate better healthcare rates with our vendors. The plan amendment gain is attributable to the implementation of a cap on healthcare costs for employees retiring after January 1, 2026.

We now expect the net periodic benefit credit to be $ 125 million for the full-year 2022.

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

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

Overview

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

Economic Overview

Steel market conditions in 2022 have been marked by notable volatility, driven by disruptions due to the war in Ukraine, continued supply chain issues, significantly higher energy prices and demand declines as a result of recessionary fears. The price for domestic HRC, the most significant index impacting our revenues and profitability, averaged $1,119 per net ton for the first nine months of 2022, 27% lower than the same period last year, but well above the prior ten-year average of $712 per net ton. HRC prices climbed to an all-time high of $1,958 per net ton in September 2021 and averaged approximately $1,500 per net ton from January 2021 through June 2022. HRC prices have since receded below $800 per net ton, the lowest level since December 2020. The large decline in spot price has been driven by service center destocking, interest rate hikes driving caution on new business and declining metallics prices driven by lower domestic steel production and excess raw material inventory. Continued automotive supply chain difficulties have also limited the demand for steel from automotive manufacturers. Looking forward, we expect domestic steel demand to normalize as imports have become less attractive, service centers begin to restock inventory, automotive supply chain issues continue to ease and incremental steel demand from the Infrastructure and Jobs Act of 2021 is realized.

The Federal Reserve has pushed interest rates to the highest level in almost 15 years in an attempt to slow demand and reduce inflation. Rising interest rates could cause a significant economic downturn and impact various end markets that we serve and overall domestic steel demand. While we believe there is strong pent-up demand for light vehicles in the U.S., automotive sales could be negatively impacted due to higher interest rates. With mortgage rates near 7%, the highest level since 2002, new builds in the residential housing market could be adversely impacted, which could also impact the appliance market. The non-residential construction market could see delays in construction as increased rates drive caution on new business. As unemployment remains low at 3.5% at the end of September 2022, the current expectation is that the U.S. central bank will continue to increase interest rates. If continued rising rates in the U.S. result in a recession, end-user demand for steel intensive products could be negatively impacted as a recession would likely result in higher unemployment, lower wages and less disposable income for consumers.

The recently passed CHIPS Act and Inflation Reduction Act should provide meaningful support for overall domestic steel demand in the coming years. Our extensive portfolio of products should result in increased steel demand from some of our end markets. The CHIPS Act promotes semiconductor manufacturing in the U.S., which should help support non-residential construction. Additionally, on-shoring manufacturing in the U.S. should reduce risk of supply chain issues in the future. The Inflation Reduction Act provides a tax credit for consumers who buy new electric vehicles, which further incentivizes consumers to purchase vehicles in an environment where pent-up demand is still very strong from recent supply chain issues and low dealer inventory levels. In addition, the Inflation Reduction Act provides incentives for the use of domestic steel for investments in clean energy projects, including wind and solar projects, which consume a substantial amount of steel. Additional projects from the legislation could create incremental demand for our galvanized, GOES, NOES and other steel products. We expect to start seeing benefits from the spending related to the recently passed legislation beginning in 2023.

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 2022, North American light vehicle production was approximately 10.8 million units, the highest production volume through the first nine months of a year since the first nine months of 2019. While we have seen modest improvement, automotive production continues to be adversely affected by the global semiconductor shortage, as well as other material shortages and supply chain disruptions. This has caused several outages amongst light vehicle manufacturers. The long-term outlook for the automotive industry remains positive as pent-up demand is strong due to ongoing production and supply chain issues. Additionally, the average age of cars on the road in the U.S. reached an all-time high during 2022, which should support demand as older vehicles need to be replaced. As the largest supplier of automotive-grade steel in the U.S., we expect to benefit from the increased production in coming years.

During the first nine months of 2022, light vehicle sales in the U.S. saw an average seasonally adjusted annualized rate of 13.6 million units sold, with 2.8 million passenger cars and 10.8 million light trucks sold, representing a 13% decrease compared to the average of the first nine months of 2021, primarily due to decreased availability. Inventory levels have recently reached the highest level since May 2021 with 1.4 million units of gross stock at the end of September 2022, but remain significantly below historical average inventory levels of 2.5 to 3.0 million units of gross stock.

The ongoing conflict between Russia and Ukraine has disrupted raw material sourcing for our minimill competitors and has further increased the volatility in their steelmaking input costs. Approximately two-thirds of all U.S. imported pig iron, an important feedstock for flat-rolled steel producing minimills, is sourced from Russia and Ukraine. Imported pig iron prices peaked at $1,045 per metric ton in April 2022, the highest level since Fastmarkets AMM began assessing the pig iron market in September 2017, before declining to $535 per metric ton at the end of the third quarter of 2022. Imported pig iron prices averaged $731 per metric ton for the first nine months of 2022, which is significantly above the historical average of $440 per metric ton from September 2017 to December 2021. The recent decline from record levels in pricing is primarily due to lower domestic steel production and surplus raw material inventory as competitors purchased excess raw materials at the beginning of the conflict between Russia and Ukraine to ensure sufficient supply in a time of uncertainty. Higher than historical imported pig iron costs should continue to support a higher HRC price. Unlike other flat-rolled producers, we are not reliant on imported pig iron as we produce it in-house at our blast furnaces, using our own iron ore as the primary raw material.

The price for busheling scrap, a necessary input for flat-rolled steel production in EAFs in the U.S., has remained at or above the historical ten-year average of $380 per long ton. The Fastmarkets AMM Cleveland busheling price averaged $611 per long ton for the first nine months of 2022. Pricing retracted to $420 per long ton at the end of the third quarter, as domestic steel capacity utilization rates declined below 80% and competitors worked through excess raw material inventory. As prime scrap is a replacement to imported pig iron, we expect the busheling scrap price will remain at or above historical levels as the availability of imported pig iron from Russia and Ukraine remains disrupted. We expect the supply of busheling scrap to further tighten due to decreasing prime scrap generation from original equipment manufacturers and the growth of EAF capacity in the U.S., along with a push for expanded scrap use globally. As we are fully integrated and have primarily a blast furnace footprint, increased prices for busheling scrap in the U.S. bolster our competitive advantage, as we source the majority of our iron feedstock from our stable-cost mining and pelletizing operations in Minnesota and Michigan.

As for iron ore, the Platts 62% price averaged $127 per metric ton in the first nine months of 2022, which is 30% higher than the historical ten-year average. While higher iron ore prices play a role in increased steel prices, we also directly benefit from higher iron ore prices for the portion of iron ore pellets we sell to third parties.

Competitive Strengths

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

One of our main competitive strengths is our ability to source our primary feedstock domestically and internally. This model reduces our exposure to volatile pricing and unreliable global sourcing. The current Russia-Ukraine conflict has displayed the importance of our U.S.-centric footprint, as our minimill competitors rely on imported pig iron to produce flat-rolled steel. The best example is our legacy business of producing iron ore pellets, which is our primary steelmaking raw material input. By controlling our iron ore pellet supply, our primary steelmaking raw material feedstock can be secured at a more stable and predictable cost and not be subject to as many factors outside of our control.

The FPT Acquisition has given us a competitive advantage in sourcing prime scrap, as we have started leveraging our long-standing flat-rolled automotive and other customer relationships into recycling partnerships to further grow our prime scrap presence. In the short period of time since the FPT Acquisition was completed, we have already seen success in our strategy by increasing our prime scrap presence. FPT has 22 facilities located primarily in the Midwest near our steel facilities, which gives us an increased advantage in logistics. The strategic importance of these assets for securing additional access to prime scrap is now even further elevated as a result of the Russia-Ukraine conflict.

We are also the largest supplier of automotive-grade steel in the U.S. Compared to other steel end markets, automotive steel is generally higher quality and more operationally and technologically intensive to produce. As such, it often generates higher through-the-cycle margins, making it a desirable end market for the steel industry. We were able to significantly improve our fixed price contract portfolio for 2022, with the trend continuing through the most recent renegotiation cycle for contracts resetting October 1, 2022. Demand for our automotive-grade steel is expected to increase in the coming years from pent-up automotive demand as a result of supply chain issues. With our continued technological innovation, as well as leading delivery performance, we expect to remain the leader in supplying this industry.

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

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

Since the acquisition of our steelmaking assets, we have dedicated significant resources to maintain and upgrade our facilities and equipment. The quality of our assets gives us a unique advantage in product offerings and operational efficiencies. In 2022, we brought our facilities and equipment up to the standard required to maintain and improve our supply to the automotive industry. The necessary resources that we have invested in our footprint will keep our assets at automotive-grade quality and reliability for years to come.

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

Strategy

Maximize Our Commercial Strengths

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

As a result of our exposure to these high-end markets, we have the highest fixed-price contractual volumes in our industry. Approximately 45% of our volumes are sold under these contracts. These contracts reduce volatility and allow for more predictable through-the-cycle margins. The pricing in our fixed-price contracts has dramatically improved in 2022 compared to 2021. We expect contract values to remain above historical averages as fundamentals remain strong and the HRC price remains above historical averages. In addition to our fixed price contracts, we anticipate having more volumes under index-linked contracts in the coming years, which will reduce our reliance on spot sales and allow us to improve our efficiency with increased volumes.

Our unique capabilities, driven by our portfolio of assets and technical expertise, give us an advantage in our flat-rolled product offering. We offer products that have superior formability, surface quality, corrosion resistance and paintability for the automotive industry. We are also the only producer of GOES and NOES in the U.S. In addition, our state-of-the-art Research and Innovation Center in Middletown, Ohio gives us the ability to collaborate with our customers and create new products and develop new steel manufacturing processes. These unique product offerings and customer service capabilities enable us to remain the leading supplier to the automotive industry.

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

The conflict between Russia and Ukraine has displayed the unique advantage of our vertically integrated business model. Two-thirds of U.S. imports of pig iron, a critical raw material for flat-rolled minimills, has historically been sourced from Russia and Ukraine. This supply remains largely disrupted, driving volatility in input costs and reducing availability for our competitors' ferrous inputs. We, on the other hand, produce our pig iron in-house in the U.S., supported by internally sourced iron ore and HBI and supplemented with internally sourced scrap. While competitors are forced to scramble for materials, we are able to take advantage of our vertically integrated footprint.

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

Optimize Our Fully-Integrated Steelmaking Footprint

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

With our acquisition of FPT, we have ample access to scrap along with internally sourced HBI. The use of higher amounts of these raw materials in our blast furnaces ultimately boosts liquid steel output, reduces coke needs and lowers carbon emissions from our operations. As a result of the successful operational improvements, we announced the indefinite idle of the Indiana Harbor #4 blast furnace in the first quarter of 2022. The indefinite idle reduced our operational blast furnaces from eight to seven.

We used 2022 as an opportunity to optimize our steelmaking footprint by dedicating significant resources to bring our facilities and equipment up to the standard required to maintain and improve our supply to the automotive industry. The necessary resources that we have invested in our footprint will keep our assets at automotive-grade quality and reliability for years to come. With our facilities and equipment in the best shape since the acquisition of our steelmaking assets and no major investments needed until at least 2025, we are well positioned to benefit from operating efficiencies and improved capabilities in the coming years.

Expand our Ferrous Scrap Recycling Presence

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

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

Advance our Participation in the Green Economy

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

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

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

Enhance our Environmental Sustainability

Our commitment to operating our business in a more environmentally responsible manner remains constant. One of the most important issues impacting our industry, our stakeholders and our planet is climate change. In early 2021, we announced our commitment to reduce GHG emissions 25% from 2017 levels by 2030. This goal represents combined Scope 1 (direct emissions) and Scope 2 (indirect emissions from purchased electricity or other forms of energy) GHG emission reductions across all of our operations. On a per ton basis, we reduced our blast furnace and BOF Scope 1 and Scope 2 GHG intensity from 1.82 per ton in 2020 to 1.67 per ton in 2021.

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

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

Improve Financial Flexibility

Given the cyclicality of our business, it is important to us to be in the financial position to easily withstand any negative demand or pricing pressure we may encounter. Throughout the first nine months of 2022, we have shown our ability to generate healthy free cash flow and use it to reduce substantial amounts of debt, return capital to shareholders through our share repurchase program and make investments to both improve and grow our business. We have also been able to take advantage of volatility in the debt markets to redeem bonds in the open market at a discount. Through the first nine months of 2022, we have made open market repurchases of $348 million aggregate principal amount of assorted series of notes at an average price of 92% of par.

We expect to have ample opportunities to reduce our debt with our own free cash flow generation in the coming years. During the first nine months of 2022, we reduced the outstanding principal of our long-term debt by $834 million.

Recent Developments

Labor Agreements

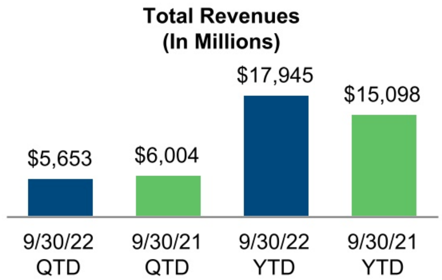
On September 30, 2022, a new 47-month labor agreement with the USW was ratified. The contract covers approximately 2,000 USW-represented employees at our legacy mining operations, and is effective from October 1, 2022 through August 31, 2026. Refer to NOTE 10 - PENSIONS AND OTHER POSTRETIREMENT BENEFITS for further information.

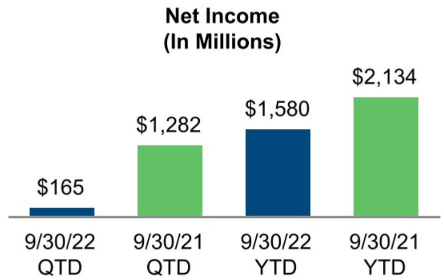
On October 12, 2022, we announced the ratification of a new 4-year labor agreement with the USW. The contract covers approximately 12,000 USW-represented employees at 13 operating locations, and is effective from September 1, 2022 through August 31, 2026. Refer to NOTE 19 - SUBSEQUENT EVENTS for further information.

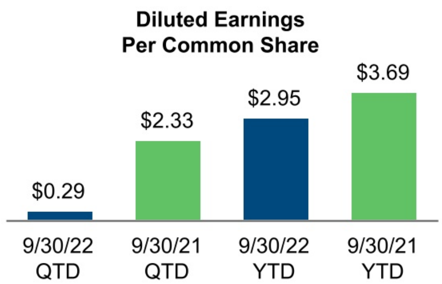
Results of Operations

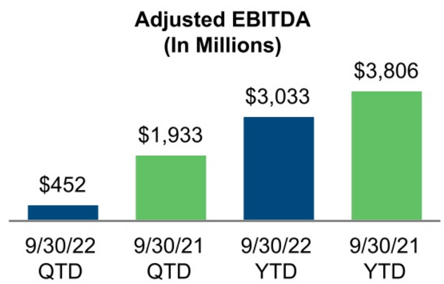
Overview

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









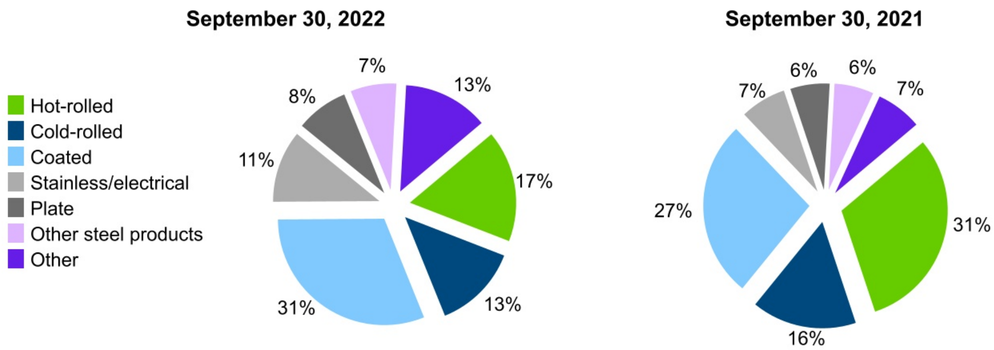
See "— Results of Operations — Adjusted EBITDA" below for a reconciliation of our *Net income* to Adjusted EBITDA.

Revenues

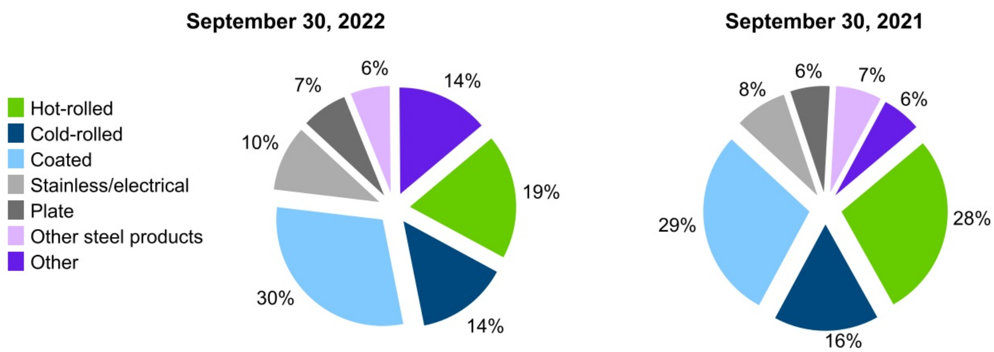
During the three and nine months ended September 30, 2022, our consolidated *Revenues* decreased by $351 million and increased by $2,847 million, respectively, compared to the prior-year periods. Both the three and nine months ended September 30, 2022 were positively impacted by the incremental revenue associated with the FPT Acquisition, which occurred on November 18, 2021. The three months ended September 30, 2022 were also positively impacted by an increase in the average steel product selling price of $26 per net ton. These positives were more than offset by the 518 thousand net ton reduction of steel shipments from our Steelmaking segment period over period. The nine months ended September 30, 2022 were also positively impacted by an increase in the average steel product selling price of $309 per net ton, partially offset by a decrease of 1,589 thousand net tons of steel shipments from our Steelmaking segment.

Revenues by Product Line

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



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



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

Revenues by Market

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

	(In Millions)							
	Three Months Ended September 30,				**Nine Months Ended September 30,**			
	2022		2021		**2022**		2021	
	Revenue	**%**	Revenue	%	**Revenue**	**%**	Revenue	%
Automotive	**$ 1,847**	**33 %**	$ 1,254	21 %	**$ 5,344**	**30 %**	$ 3,883	26 %
Infrastructure and manufacturing	**1,476**	**26 %**	1,615	27 %	**4,662**	**26 %**	3,922	26 %
Distributors and converters	**1,483**	**26 %**	2,465	41 %	**5,199**	**29 %**	5,721	38 %
Steel producers	**847**	**15 %**	670	11 %	**2,740**	**15 %**	1,572	10 %
Total revenues	**$ 5,653**		$ 6,004		**$ 17,945**		$ 15,098	

Operating Costs

Cost of goods sold

During the three and nine months ended September 30, 2022, *Cost of goods sold* increased by $1,076 million and $3,529 million, respectively, as compared to the prior-year periods. Both the three and nine months ended September 30, 2022 were impacted by the incremental *Cost of goods sold* associated with the FPT Acquisition, which occurred on November 18, 2021. The increases for both the three and nine months ended September 30, 2022, as compared to the prior-year periods, were also impacted by higher raw materials and utility costs, including natural gas, coal, coke, alloys and scrap, coupled with increased investment in maintenance, excess and idle costs and labor costs.

Selling, general and administrative expenses

During the three and nine months ended September 30, 2022, *Selling, general and administrative expenses* increased by $8 million and $24 million, respectively, as compared to the prior-year periods. The increases primarily relate to the inclusion of results for the FPT Acquisition in 2022. Additionally, there were increases related to external service costs and charitable contributions, offset by lower incentive compensation.

Miscellaneous – net

During the three and nine months ended September 30, 2022, *Miscellaneous – net* increased by $27 million and $66 million, re spectively, as compared to the prior-year periods. The increase in miscellaneous expense for the three months ended September 30, 2022 was primarily related to an increase in idle expenses and the loss on disposal of assets. The nine months ended September 30, 2022 were also impacted by a $29 million asset impairment charge associated with the permanent closure of Mountain State Carbon.

Other Income (Expense)

Interest expense, net

During the three and nine months ended September 30, 2022, *Interest expense, net* decreased by $17 million and $53 million, respectively, as compared to the prior-year periods. The decrease was primarily due to debt restructuring activities during 2021 and 2022, which reduced interest expense on our senior notes.

Gain (loss) on extinguishment of debt

The loss on extinguishment of debt of $76 million for the nine months ended September 30, 2022 primarily resulted from the redemption of all $607 million aggregate principal amount of our outstanding 9.875% 2025 Senior Secured Notes in April 2022 and the redemption of all $294 million aggregate principal amount of our outstanding 1.500% 2025 Convertible Senior Notes in January 2022. The losses were partially offset by the net gain on extinguishment for the repurchase of $414 million aggregate principal amount of our outstanding IRBs and senior notes of various series.

The loss on extinguishment of debt of $88 million for the nine months ended September 30, 2021 primarily resulted from the redemption of all $396 million aggregate principal amount outstanding of our 5.750% 2025 Senior Notes and the repurchase of $25 million aggregate principal amount of our outstanding 9.875% 2025 Senior Secured Notes. The nine months ended September 30, 2021 were also impacted by the repurchase of $535 million in aggregate principal amount of our outstanding senior notes of various series in the first quarter of 2021.

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

Income Taxes

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

	(In Millions)			
	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2022	2021	**2022**	2021
Income tax expense	**$ (10)**	$ (334)	**$ (404)**	$ (559)
Effective tax rate	**6 %**	21 %	**20 %**	21 %

The decreases in income tax expense for the three and nine months ended September 30, 2022, as compared to the prior-year periods, are directly related to the decreases in pre-tax income.

Our 2022 estimated annual effective tax rate before discrete items at September 30, 2022 is 20%. This estimated annual effective tax rate is less than the U.S. statutory rate of 21% due to the percentage depletion in excess of cost depletion. The 2021 estimated annual effective tax rate before discrete items at September 30, 2021 was 21%. The decrease in the estimated annual effective tax rate before discrete items is driven by the change in income and the percentage depletion in excess of cost depletion.

Adjusted EBITDA

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

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

	(In Millions)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	**2022**	2021
Net income	**$ 165**	$ 1,282	**$ 1,580**	$ 2,134
Less:				
Interest expense, net	**(64)**	(81)	**(205)**	(258)
Income tax expense	**(10)**	(334)	**(404)**	(559)
Depreciation, depletion and amortization	**(237)**	(239)	**(788)**	(664)
Total EBITDA	**$ 476**	$ 1,936	**$ 2,977**	$ 3,615
Less:				
EBITDA of noncontrolling interests [1]	**$ 22**	$ 17	**$ 57**	$ 60
Asset impairment	**—**	—	**(29)**	—
Gain (loss) on extinguishment of debt	**4**	—	**(76)**	(88)
Severance costs	**(2)**	(3)	**(9)**	(15)
Acquisition-related costs excluding severance costs	**—**	(1)	**(1)**	(3)
Acquisition-related loss on equity method investment	**—**	—	**—**	(18)
Amortization of inventory step-up	**—**	(11)	**—**	(129)
Impact of discontinued operations	**—**	1	**2**	2
Total Adjusted EBITDA	**$ 452**	$ 1,933	**$ 3,033**	$ 3,806
[1] EBITDA of noncontrolling interests includes the following:				
Net income attributable to noncontrolling interests	**$ 13**	$ 8	**$ 31**	$ 39
Depreciation, depletion and amortization	**9**	9	**26**	21
EBITDA of noncontrolling interests	**$ 22**	$ 17	**$ 57**	$ 60

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

	(In Millions)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	**2022**	2021
Adjusted EBITDA:				
Steelmaking	**$ 436**	$ 1,934	**$ 2,967**	$ 3,796
Other Businesses	**9**	6	**58**	25
Eliminations[1]	**7**	(7)	**8**	(15)
Total Adjusted EBITDA	**$ 452**	$ 1,933	**$ 3,033**	$ 3,806

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

Adjusted EBITDA from our Steelmaking segment for the three and nine months ended September 30, 2022 decreased by $1,498 million and $829 million, respectively, as compared to the prior-year periods. The decreases were primarily attributable to lower gross margins of $1,427 million and $705 million for the three and nine months ended September 30, 2022, respectively, as compared to the prior-year periods. Our Steelmaking Adjusted EBITDA included *Selling, general and administrative expenses* of $117 million and $331 million for the three and nine months ended September 30, 2022, respectively, and $106 million and $301 million for the three and nine months ended September 30, 2021, respectively.

Steelmaking

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

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	% Change
Steel shipments (in thousands of net tons)	**3,635**	4,153	(12) %
Average selling price per net ton of steel products	**$ 1,360**	$ 1,334	2 %
Revenues (in millions)	**$ 5,511**	$ 5,869	(6) %
Cost of goods sold (in millions)	**$ (5,167)**	$ (4,098)	26 %
Gross margin (in millions)	**$ 344**	$ 1,771	(81) %
Gross margin percentage	**6 %**	30 %	
Adjusted EBITDA (in millions)	**$ 436**	$ 1,934	(77) %

Gross margin decreased by $1,427 million, or 81%, during the three months ended September 30, 2022, as compared to the prior-year period, primarily due to:

- A decrease in sales volumes (approximately $300 million impact) predominantly driven by lower shipments to the distributors and converters end market due to weaker demand; and
- Increased costs of production (approximately $1.0 billion impact) driven by higher raw materials and utility costs, including natural gas, coal, coke, alloys and scrap, coupled with increased investment in maintenance and labor costs.
- This was partially offset by an increase in selling prices (approximately $150 million impact) driven by favorable renewals of annual sales contracts.

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

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	% Change
Steel shipments (in thousands of net tons)	**10,913**	12,502	(13) %
Average selling price per net ton of steel products	**$ 1,431**	$ 1,122	28 %
Revenues (in millions)	**$ 17,481**	$ 14,710	19 %
Cost of goods sold (in millions)	**$ (14,948)**	$ (11,472)	30 %
Gross margin (in millions)	**$ 2,533**	$ 3,238	(22) %
Gross margin percentage	**14 %**	22 %	
Adjusted EBITDA (in millions)	**$ 2,967**	$ 3,796	(22) %

Gross margin decreased by $705 million, or 22%, during the nine months ended September 30, 2022, as compared to the prior-year period, primarily due to:

- A decrease in sales volumes (approximately $1.1 billion impact), predominantly driven by lower shipments to the distributors and converters end market due to weaker demand; and
- Increased costs of production (approximately $3.3 billion impact) driven by the highly inflationary environment, which has resulted in higher raw materials and utility costs, including natural gas, coal, coke, alloys and scrap, coupled with increased investment in maintenance, excess and idle costs and labor costs.
- This was partially offset by an increase in selling prices (approximately $3.5 billion impact) driven primarily by favorable renewals of annual sales contracts and favorable lagged index-linked contract prices.

Liquidity, Cash Flows and Capital Resources

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

The recent market environment has provided us opportunities to reduce our debt with our own free cash flow generation. We also continue to look at the composition of our debt, as we are interested in both extending our average maturity length and increasing our ratio of unsecured debt to secured debt, which can be accomplished with cash provided by operating activities. During 2022, we took action in alignment with these priorities. In the first quarter of 2022, we redeemed all $294 million in aggregate principal amount outstanding of our 1.500% 2025 Convertible Senior Notes and all $66 million aggregate principal amount outstanding of the IRBs due 2024 to 2028. In April 2022, we redeemed all $607 million remaining aggregate principal amount outstanding of our 9.875% 2025 Senior Secured Notes. Additionally, during the second and third quarters of 2022, we repurchased $348 million in aggregate principal amount of our outstanding senior notes of various series at an average price of 92% of par.

Additionally, we have been able to return capital to shareholders through our share repurchase program. During 2022, we repurchased 10.5 million common shares at a cost of $210 million in the aggregate.

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

The following discussion summarizes the significant items impacting our cash flows during the nine months ended September 30, 2022 and 2021 as well as expected impacts to our future cash flows over the next 12 months. Refer to the Statements of Unaudited Condensed Consolidated Cash Flows for additional information.

Operating Activities

Net cash provided by operating activities was $1,934 million and $1,648 million for the nine months ended September 30, 2022 and 2021, respectively. The period-over-period improvement was driven by a reduction in cash used for working capital, offset by a decrease in net income. The working capital changes were primarily driven by lower increases in accounts receivable, which were higher in 2021 due to the unwind of the ArcelorMittal USA factoring agreement as well as rising revenue. Additionally, we had lower pension contributions as a result of improvements to our pension plans' funded status.

We expect the cash flow impacts over the next 12 months relating to the newly ratified labor agreements with our USW-represented employees to be immaterial. The cash requirements for the increased wages and other benefits are expected to be offset by the cash savings relating to our OPEB plans. Separate from the labor agreements, we negotiated favorable Medicare Advantage Prescription Drug healthcare rates, which will go into effect January 1, 2023. The reduction in retiree healthcare rates and pause on the Cleveland-Cliffs Steel LLC VEBA funding requirements due to the plan's funded status is expected to reduce our use of cash by over $100 million in the aggregate in 2023 compared to the 2022 cash spend.

Investing Activities

Net cash used by investing activities was $727 million and $414 million for the nine months ended September 30, 2022 and 2021, respectively. We had capital expenditures of $716 million and $473 million for the nine months ended September 30, 2022 and 2021, respectively, primarily relating to sustaining capital spend. Sustaining capital spend includes infrastructure, mobile equipment, fixed equipment, product quality, reliability, environment, health and safety.

We anticipate total cash used for capital expenditures during the next 12 months to be between $700 and $800 million.

Financing Activities

Net cash used by financing activities was $1,199 million and $1,304 million for the nine months ended September 30, 2022 and 2021, respectively. Cash outflows from financing activities for the nine months ended September 30, 2022 included $1,355 million for repayments of debt and $210 million for the repurchase of common shares. In the nine months ended September 30, 2022, we used available liquidity to redeem all $607 million remaining aggregate principal amount outstanding of our 9.875% 2025 Senior Secured Notes, all $294 million aggregate principal amount outstanding of our 1.500% 2025 Convertible Senior Notes and all $66 million aggregate principal amount outstanding of our IRBs due 2024 to 2028. We also repurchased $348 million in aggregate principal amount of our outstanding senior notes of various series. Cash inflows from financing activities for the nine months ended September 30, 2022 included net borrowings of $481 million under our ABL Facility.

Net cash used by financing activities for the nine months ended September 30, 2021 included the redemption of all 583,273 shares outstanding of our Series B Participating Redeemable Preferred Stock at a redemption price of $1.3 billion during the third quarter of 2021, along with $1.3 billion for repayments of debt. We used available liquidity to redeem all $396 million aggregate principal amount of our 5.750% 2025 Senior Notes. We used the net proceeds from the issuance of 20 million common shares, and cash on hand, to redeem $322 million in aggregate principal amount of 9.875% 2025 Senior Secured Notes. We used the net proceeds from the issuances of the 4.625% 2029 Senior Notes and 4.875% 2031 Senior Notes to redeem all of the outstanding 4.875% 2024 Senior Secured Notes, 6.375% 2025 Senior Notes, 7.625% 2021 AK Senior Notes, 7.500% 2023 AK Senior Notes and 6.375% 2025 AK Senior Notes, and pay fees and expenses in connection with such redemptions, and reduce borrowings under our ABL Facility.

Cash inflows from financing activities for the nine months ended September 30, 2021 included the issuances of $500 million aggregate principal amount of 4.625% 2029 Senior Notes, $500 million aggregate principal amount of 4.875% 2031 Senior Notes and 20 million common shares for proceeds of $322 million, along with net borrowings of $193 million under credit facilities.

We anticipate future uses of cash for financing activities during the next 12 months to include the reduction of borrowings under our ABL Facility balance, as well as opportunistic transactions, including other debt repayments.

Capital Resources

The following represents a summary of key liquidity measures:

	(In Millions) September 30, 2022
Cash and cash equivalents	$ 56
Available borrowing base on ABL Facility [1]	$ 4,500
Borrowings	(2,090)
Letter of credit obligations	(166)
Borrowing capacity available	$ 2,244

[1] As of September 30, 2022, the ABL Facility had a maximum borrowing base of $4.5 billion. The available borrowing base is determined by applying customary advance rates to eligible accounts receivable, inventory and certain mobile equipment.

Our primary sources of funding are cash and cash equivalents, which totaled $56 million as of September 30, 2022, cash generated by our business, availability under the ABL Facility and other financing activities. The combination of cash and availability under the ABL Facility gives us $2.3 billion in liquidity entering the fourth quarter of 2022, which is expected to be adequate to fund operations, letter of credit obligations, capital expenditures and other cash commitments for at least the next 12 months.

As of September 30, 2022, we were in compliance with the ABL Facility liquidity requirements and, therefore, the springing financial covenant requiring a minimum fixed charge coverage ratio of 1.0 to 1.0 was not applicable.

Off-Balance Sheet Arrangements

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

Information about our Guarantors and the Issuer of our Guaranteed Securities

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

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

Each Guarantor subsidiary is consolidated by Cleveland-Cliffs Inc. as of September 30, 2022. Refer to Exhibit 22, incorporated herein by reference, for the detailed list of entities included within the obligated group as of September 30, 2022.

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

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

(b) designation of any Guarantor subsidiary as an “excluded subsidiary” (as defined in the Indentures); or

(c) defeasance or satisfaction and discharge of the Indentures.

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

Summarized Combined Financial Information of the Issuer and Guarantor Subsidiaries:

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

	(In Millions)	
	September 30, 2022	December 31, 2021
Current assets	**$ 7,876**	$ 6,539
Non-current assets	**9,950**	12,753
Current liabilities	**(3,786)**	(3,222)
Non-current liabilities	**(8,294)**	(9,081)

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, 2022
Revenues	**$ 16,658**
Cost of goods sold	**(14,216)**
Income from continuing operations	**1,347**
Net income	**1,349**
Net income attributable to Cliffs shareholders	**1,349**

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

	(In Millions)	
	September 30, 2022	December 31, 2021
Balances with non-Guarantor subsidiaries:		
Accounts receivable, net	**$ 494**	$ 199
Accounts payable	**(812)**	(186)
Balances with other related parties:		
Accounts receivable, net	**$ 9**	$ 3
Accounts payable	**(12)**	(7)

Additionally, for the nine months ended September 30, 2022, the obligated group had *Revenues* of $118 million and *Cost of goods sold* of $89 million, in each case, with other related parties.

Market Risks

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

Pricing Risks

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

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

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

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

Our strategy to address volatile natural gas rates and electricity rates includes improving efficiency in energy usage, identifying alternative providers and utilizing the lowest cost alternative fuels. If we are unable to align fixed and variable components between customer contracts and supplier purchase agreements, we use cash-settled commodity price swaps to hedge the market risk associated with the purchase of certain of our raw materials and energy requirements. Additionally, we routinely use these derivative instruments to hedge a portion of our natural gas and zinc requirements. During 2022, we initiated hedging programs for electricity and tin. Our hedging strategy is designed to protect us from excessive pricing volatility. However, since we do not typically hedge 100% of our exposure, abnormal price increases in any of these commodity markets might still negatively affect operating costs.

The following table summarizes the negative effect of a hypothetical change in the fair value of our derivative instruments outstanding as of September 30, 2022, due to a 10% and 25% change in the market price of each of the indicated commodities:

	(In Millions)	
Commodity Derivative	**10% Change**	**25% Change**
Natural gas	**$ 75**	**$ 187**
Electricity	**3**	**8**
Zinc	**1**	**3**
Tin	**—**	**1**

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

Valuation of Goodwill and Other Long-Lived Assets

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

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

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

A comparison of each asset group's carrying value to the estimated undiscounted net future cash flows expected to result from the use of the assets, including cost of disposition, is used to determine if an asset is recoverable. Projected future cash flows reflect management's best estimate of economic and market conditions over the projected period, including growth rates in revenues and costs, and estimates of future expected changes in operating margins and capital expenditures. If the carrying value of the asset group is higher than its undiscounted net future cash flows, the asset group is measured at fair value and the difference is recorded as a reduction to the long-lived assets. We estimate fair value using a market approach, an income approach or a cost approach. We concluded that there were no additional triggering events resulting in the need for an impairment assessment except for the announcement of the permanent closure of Mountain State Carbon, which resulted in a $29 million asset impairment charge for the nine months ended September 30, 2022.

Interest Rate Risk

Interest payable on our senior notes is at fixed rates. Interest payable under our ABL Facility is at a variable rate based upon the applicable base rate plus the applicable base rate margin depending on the excess availability. As of September 30, 2022, we had $2,090 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 September 30, 2022 borrowing level would result in a change of $21 million to interest expense on an annual basis.

Supply Concentration Risks

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

Forward-Looking Statements

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

- continued volatility of steel, iron ore and scrap metal market prices, which directly and indirectly impact the prices of the products that we sell to our customers;
- uncertainties associated with the highly competitive and cyclical steel industry and our reliance on the demand for steel from the automotive industry, which has been experiencing a trend toward light weighting and supply chain disruptions, such as the semiconductor shortage, that could result in lower steel volumes being consumed;
- potential weaknesses and uncertainties in global economic conditions, excess global steelmaking capacity, oversupply of iron ore, prevalence of steel imports and reduced market demand, including as a result of inflationary pressures, the prolonged COVID-19 pandemic, conflicts or otherwise;
- severe financial hardship, bankruptcy, temporary or permanent shutdowns or operational challenges, due to the ongoing COVID-19 pandemic or otherwise, of one or more of our major customers, including customers in the automotive market, key suppliers or contractors, which, among other adverse effects, could disrupt our operations or lead to reduced demand for our products, increased difficulty collecting receivables, and customers and/or suppliers asserting force majeure or other reasons for not performing their contractual obligations to us;
- disruptions to our operations relating to the ongoing COVID-19 pandemic, including the heightened risk that a significant portion of our workforce or on-site contractors may suffer illness or otherwise be unable to perform their ordinary work functions;
- risks related to U.S. government actions with respect to Section 232, the United States-Mexico-Canada Agreement and/or other trade agreements, tariffs, treaties or policies, as well as the uncertainty of obtaining and maintaining effective antidumping and countervailing duty orders to counteract the harmful effects of unfairly traded imports;
- impacts of existing and increasing governmental regulation, including potential environmental regulations relating to climate change and carbon emissions, and related costs and liabilities, including failure to receive or maintain required operating and environmental permits, approvals, modifications or other authorizations of, or from, any governmental or regulatory authority and costs related to implementing improvements to ensure compliance with regulatory changes, including potential financial assurance requirements;
- potential impacts to the environment or exposure to hazardous substances resulting from our operations;
- our ability to maintain adequate liquidity, our level of indebtedness and the availability of capital could limit our financial flexibility and cash flow necessary to fund working capital, planned capital expenditures, acquisitions, and other general corporate purposes or ongoing needs of our business;
- our ability to reduce our indebtedness or return capital to shareholders within the currently expected timeframes or at all;
- adverse changes in credit ratings, interest rates, foreign currency rates and tax laws, including adverse impacts as a result of the Inflation Reduction Act of 2022;
- the outcome of, and costs incurred in connection with, lawsuits, claims, arbitrations or governmental proceedings relating to commercial and business disputes, environmental matters, government investigations, occupational or personal injury claims, property damage, labor and employment matters, or suits involving legacy operations and other matters;

- uncertain cost or availability of critical manufacturing equipment and spare parts;
- supply chain disruptions or changes in the cost, quality or availability of energy sources, including electricity, natural gas and diesel fuel, or critical raw materials and supplies, including iron ore, industrial gases, graphite electrodes, scrap metal, chrome, zinc, coke and metallurgical coal;
- problems or disruptions associated with transporting products to our customers, moving manufacturing inputs or products internally among our facilities, or suppliers transporting raw materials to us;
- uncertainties associated with natural or human-caused disasters, adverse weather conditions, unanticipated geological conditions, critical equipment failures, infectious disease outbreaks, tailings dam failures and other unexpected events;
- cybersecurity incidents relating to, disruptions in, or failures of, information technology systems that are managed by us or third parties that host or have access to our data or systems, including the loss, theft or corruption of sensitive or essential business or personal information and the inability to access or control systems;
- liabilities and costs arising in connection with any business decisions to temporarily or indefinitely idle or permanently close an operating facility or mine, which could adversely impact the carrying value of associated assets and give rise to impairment charges or closure and reclamation obligations, as well as uncertainties associated with restarting any previously idled operating facility or mine;
- our ability to realize the anticipated synergies and benefits of our recent acquisition transactions and to successfully integrate the acquired businesses into our existing businesses, including uncertainties associated with maintaining relationships with customers, vendors and employees and known and unknown liabilities we assumed in connection with the acquisitions;
- our level of self-insurance and our ability to obtain sufficient third-party insurance to adequately cover potential adverse events and business risks;
- challenges to maintaining our social license to operate with our stakeholders, including the impacts of our operations on local communities, reputational impacts of operating in a carbon-intensive industry that produces GHG emissions, and our ability to foster a consistent operational and safety track record;
- our ability to successfully identify and consummate any strategic capital investments or development projects, cost-effectively achieve planned production rates or levels, and diversify our product mix and add new customers;
- our actual economic mineral reserves or reductions in current mineral reserve estimates, and any title defect or loss of any lease, license, easement or other possessory interest for any mining property;
- availability of workers to fill critical operational positions and potential labor shortages caused by the ongoing COVID-19 pandemic or otherwise, as well as our ability to attract, hire, develop and retain key personnel;
- our ability to maintain satisfactory labor relations with unions and employees;
- unanticipated or higher costs associated with pension and OPEB obligations resulting from changes in the value of plan assets or contribution increases required for unfunded obligations;
- the amount and timing of any repurchases of our common shares; and
- potential significant deficiencies or material weaknesses in our internal control over financial reporting.

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

Forward-looking and other statements in this Quarterly Report on Form 10-Q regarding our GHG reduction plans and goals are not an indication that these statements are necessarily material to investors or required to be disclosed in our filings with the SEC. In addition, historical, current and forward-looking GHG-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve and assumptions that are subject to change in the future.

Item 3. ***Quantitative and Qualitative Disclosures About Market Risk***

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

Item 4. ***Controls and Procedures***

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

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

There was no change in the Company's internal control over financial reporting during the quarter ended September 30, 2022 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. *Legal Proceedings*

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

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

Item 1A. *Risk Factors*

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

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

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

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares (or Units) Purchased[1]	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs[2]
July 1 - 31, 2022	1,000,851	$ 16.70	1,000,000	$ 807,562,950
August 1 - 31, 2022	1,000,120	$ 17.28	1,000,000	$ 790,302,500
September 1 - 30, 2022	149	$ 17.47	—	$ 790,302,500
Total	**2,001,120**	**$ 16.99**	**2,000,000**	

[1] Includes 851 shares that were delivered to us in July 2022, 120 shares that were delivered to us in August 2022, and 149 shares that were delivered to us in September 2022 to satisfy tax withholding obligations due upon the vesting or payment of stock awards.

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

Item 4. ***Mine Safety Disclosures***

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

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

Item 5. ***Other Information***

None.

Item 6. ***Exhibits***

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

Exhibit Number	Exhibit
22	Schedule of the obligated group, including the parent and issuer and the subsidiary guarantors that have guaranteed the obligations under the 6.75% 2026 Senior Secured Notes, the 5.875% 2027 Senior Notes, the 7.00% 2027 Senior Notes, the 4.625% 2029 Senior Notes and the 4.875% 2031 Senior Notes issued by Cleveland-Cliffs Inc. (filed herewith).
31.1	Certification Pursuant to 15 U.S.C. Section 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, signed and dated by Lourenco Goncalves as of October 26, 2022 (filed herewith).
31.2	Certification Pursuant to 15 U.S.C. Section 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, signed and dated by Celso L. Goncalves Jr. as of October 26, 2022 (filed herewith).
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed and dated by Lourenco Goncalves, Chairman, President and Chief Executive Officer of Cleveland-Cliffs Inc., as of October 26, 2022 (filed herewith).
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed and dated by Celso L. Goncalves Jr., Executive Vice President, Chief Financial Officer of Cleveland-Cliffs Inc., as of October 26, 2022 (filed herewith).
95	Mine Safety Disclosures (filed herewith).
101	The following financial information from Cleveland-Cliffs Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2022 formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Statements of Unaudited Condensed Consolidated Financial Position, (ii) the Statements of Unaudited Condensed Consolidated Operations, (iii) the Statements of Unaudited Condensed Consolidated Comprehensive Income, (iv) the Statements of Unaudited Condensed Consolidated Cash Flows, (v) the Statements of Unaudited Condensed Consolidated Changes in Equity, and (vi) Notes to the Unaudited Condensed Consolidated Financial Statements.
104	The cover page from this Quarterly Report on Form 10-Q, formatted in Inline XBRL and contained in Exhibit 101.

SIGNATURES

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

CLEVELAND-CLIFFS INC.

By: /s/ Kimberly A. Floriani

Name: Kimberly A. Floriani

Title: Senior Vice President, Controller & Chief Accounting Officer

Date: October 26, 2022

EXHIBIT 22

The following entities are included in the obligated group as of September 30, 2022, as defined in the Quarterly Report on Form 10-Q of Cleveland-Cliffs Inc. to which this document is being filed as an exhibit, including Cleveland-Cliffs Inc., as the parent and issuer, and the subsidiary guarantors that have guaranteed the obligations under the 6.750% 2026 Senior Secured Notes, the 5.875% 2027 Senior Notes, the 7.000% 2027 Senior Notes, the 4.625% 2029 Senior Notes and the 4.875% 2031 Senior Notes issued by Cleveland-Cliffs Inc.

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

EXHIBIT 22

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

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

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

Exhibit 31.1

CERTIFICATION

I, Lourenco Goncalves, certify that:

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

Date: October 26, 2022

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

Exhibit 31.2

CERTIFICATION

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

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

Date: October 26, 2022

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

Exhibit 32.1

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

In connection with the Quarterly Report of Cleveland-Cliffs Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Form 10-Q”), I, Lourenco Goncalves, Chairman, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer’s knowledge:

(1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Form 10-Q.

Date: October 26, 2022

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

Exhibit 32.2

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

In connection with the Quarterly Report of Cleveland-Cliffs Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Form 10-Q”), I, Celso L. Goncalves Jr., Executive Vice President, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer’s knowledge:

(1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Form 10-Q.

Date: October 26, 2022

By: /s/ Celso L. Goncalves Jr.

Celso L. Goncalves Jr.
Executive Vice President, Chief Financial Officer

Exhibit 95

Mine Safety Disclosures

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

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

(A) The total number of violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a coal or other mine safety or health hazard under section 104 of the FMSH Act (30 U.S.C. 814) for which the operator received a citation from MSHA;

(B) The total number of orders issued under section 104(b) of the FMSH Act (30 U.S.C. 814(b));

(C) The total number of citations and orders for unwarrantable failure of the mine operator to comply with mandatory health or safety standards under section 104(d) of the FMSH Act (30 U.S.C. 814(d));

(D) The total number of imminent danger orders issued under section 107(a) of the FMSH Act (30 U.S.C. 817(a));

(E) The total dollar value of proposed assessments from MSHA under the FMSH Act (30 U.S.C. 801 *et seq*.);

(F) Legal actions pending before the Federal Mine Safety and Health Review Commission involving such coal or other mine as of the last day of the period;

(G) Legal actions instituted before the Federal Mine Safety and Health Review Commission involving such coal or other mine during the period; and

(H) Legal actions resolved before the Federal Mine Safety and Health Review Commission involving such coal or other mine during the period.

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

Following is a summary of the information listed above for the three months ended September 30, 2022:

		Three Months Ended September 30, 2022								
		(A)	(B)	(C)	(D)	(E)	(F)		(G)	(H)
Mine Name/ MSHA ID No.	Operation	Section 104 S&S Citations	Section 104(b) Orders	Section 104(d) Orders	Section 107(a) Orders	Total Dollar Value of MSHA Proposed Assessments (1)	Legal Actions Pending as of Last Day of Period		Legal Actions Instituted During Period	Legal Actions Resolved During Period
Tilden / 2000422	Iron Ore	1	—	—	—	$ 1,351	2	(2)	2	—
Empire / 2001012	Iron Ore	—	—	—	—	$ —	—		—	—
Northshore Plant / 2100831	Iron Ore	—	—	—	—	$ —	6	(3)	—	1
Northshore Mine / 2100209	Iron Ore	—	—	—	—	$ —	—		—	—
Hibbing / 2101600	Iron Ore	—	—	—	—	$ —	2	(4)	2	2
United Taconite Plant / 2103404	Iron Ore	—	—	—	—	$ —	3	(5)	3	2
United Taconite Mine / 2103403	Iron Ore	—	—	—	—	$ —	—		—	—
Minorca Mine / 2102449	Iron Ore	—	—	—	—	$ —	—		—	1
Coal Innovations #1 / 3609406	Coal	—	—	—	—	$ —	—		—	—
Virginia Point No. 1 Surface Mine / 4407172	Coal	—	—	—	—	$ —	—		—	—
Low Gap Surface Mine / 4605741	Coal	—	—	—	—	$ 1,260	—		—	—
Eckman Surface Mine / 4608647	Coal	—	—	—	—	$ —	—		—	—
Redhawk Surface Mine / 4609300	Coal	—	—	—	—	$ —	—		—	—
Dry Branch Surface Mine / 4609395	Coal	2	—	2	—	$ 198	—		—	—
Dans Branch Surface Mine / 4609517	Coal	—	—	—	—	$ —	—		—	—
Eckman Loadout / 4603341	Coal	—	—	—	—	$ —	—		—	—
Roadfork Loadout / 4608278	Coal	—	—	—	—	$ —	—		—	—
Eckman Plant / 4609357	Coal	1	—	—	—	$ 563	—		—	—
Mine No. 35 / 4608131	Coal	—	—	—	—	$ —	—		—	—
Mine No. 39 / 4609261	Coal	3	—	—	—	$ 2,711	3	(6)	—	—
Mine No. 43 / 4609496	Coal	8	—	—	—	$ 12,986	2	(7)	1	1
Mine No. 44 / 4609523	Coal	—	—	—	—	$ —	—		—	—

(1) Amounts included under the heading “Total Dollar Value of MSHA Proposed Assessments” are the total dollar amounts for proposed assessments received from MSHA on or before September 30, 2022.

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

(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 the Federal Mine Safety and Health Review Commission referenced in Subpart H of FMSH Act's procedural rules.

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

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

(6) This number consists of 2 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules and 1 pending legal action related to complaints of discharge, discrimination or interference referenced in Subpart E of FMSH Act's procedural rules.

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