
CLIFFS

SUMMARY TRANSACTION VALUE

(US$mm)	
Common Share Consideration[1]	$ 500
(+) Preferred Share Consideration[1]	373
(+) Cash Consideration	505
Equity Value	**$ 1,378**
(+) Assumption of pension / OPEB obligations[2]	1,470
(+) Amount Outstanding Under Receivable Factoring Agreement[3]	481
Total Enterprise Value	**$ 3,329**

Note: GAAP accounting treatment of pension and OPEB book values may differ

(1) Common share consideration based on ~76.2 million shares issued at cumulative VWAP since 19-Aug-2020 ($6.2950); preferred share consideration based on ~56.3 million common share equivalent issued at cumulative VWAP since 19-Aug-2020 ($6.3950)

(2) Based on after-tax present value to Cleveland-Cliffs

(3) Satisfaction amount under the receivable factoring agreement as of 30-Jun-2020

PARTICIPATING REDEEMABLE PREFERRED STOCK

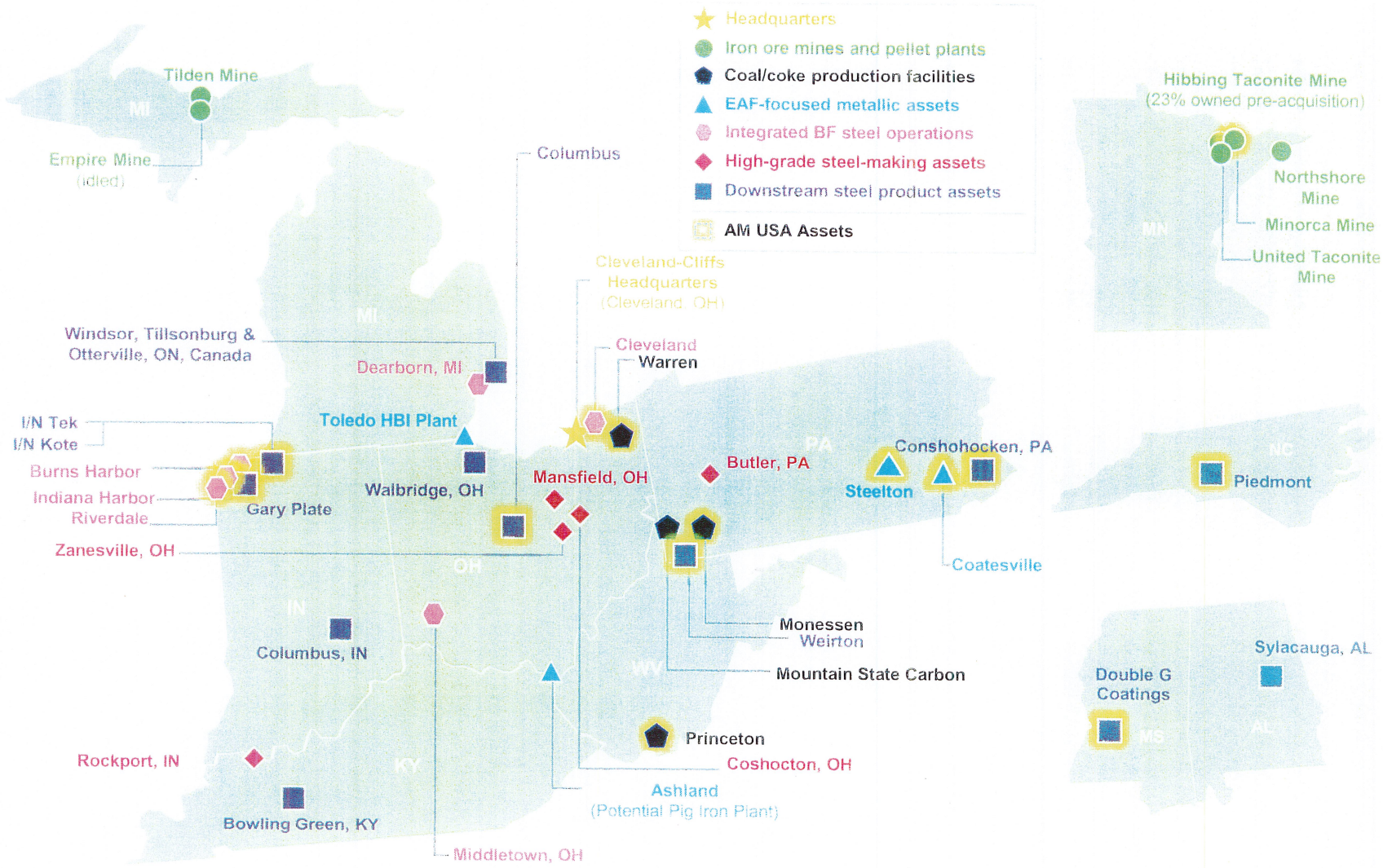
Summary Terms

- Redemption price determined by 20-day VWAP of Cliffs common stock
- Redeemable in cash or stock, at Cleveland-Cliffs' election
- Cleveland-Cliffs can redeem the Participating Redeemable Preferred Stock after 6 months
- Dividends on the Participating Redeemable Preferred Stock mirror dividends on Cliffs common stock, subject to a step-up if not redeemed by Cleveland-Cliffs after 24 months

Appendix

CLIFFS

THE NEW CLEVELAND-CLIFFS



OTHER TRANSACTION BENEFITS

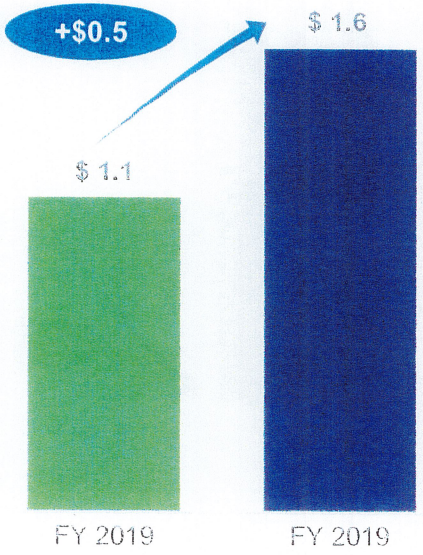
- More than doubles current EAF Production
- Enhances optionality for future production of merchant pig iron
- Asset locations consistent with Cleveland-Cliffs' long-standing, US-centric strategy
- Substantial asset base increases liquidity and secured borrowing availability

DELEVERAGING TRANSACTION AND INCREASED FINANCIAL FLEXIBILITY

✓ AM USA averaged approximately $700 million of Adjusted EBITDA in 2018 and 2019

✓ 0.7x leverage reduction

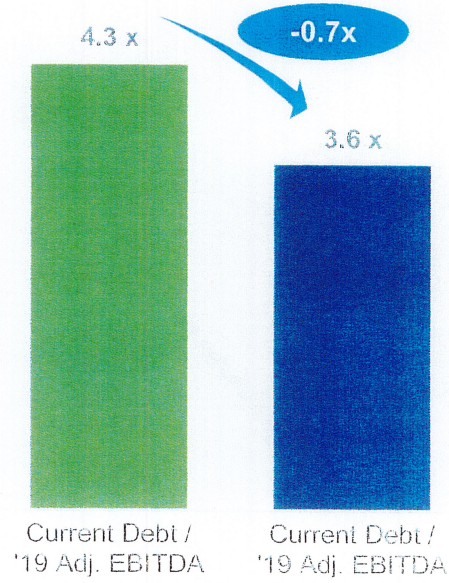
2019 Pro Forma Adj. EBITDA ($bn)(1)



Total Debt ($bn)(2)



Total Debt / Adj. EBITDA(2)

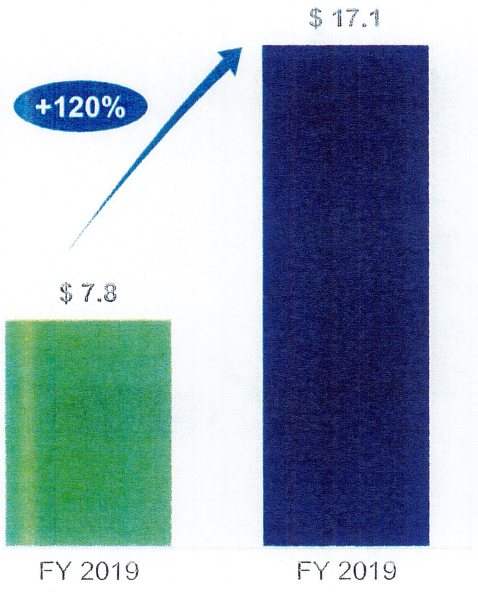


Does not include future contributions from Toledo HBI

(1) Cleveland-Cliffs standalone includes $151 million synergies from AK Steel acquisition. PF Cleveland-Cliffs includes $150 million of expected synergies.
(2) Cleveland-Cliffs leverage based on debt balances as of Q2 2020 and 2019A pro forma Adj. EBITDA. Pro forma debt balance includes additional ABL draw to fund cash component and working capital requirements. EBITDA includes $150 million of expected run-rate synergies, as well as $151 million run-rate synergies from AK Steel acquisition.

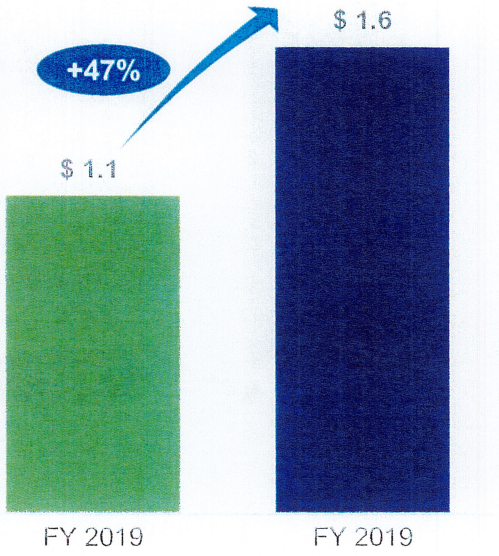
PRO FORMA FINANCIAL PROFILE

2019 Pro Forma Revenue ($bn)[2]



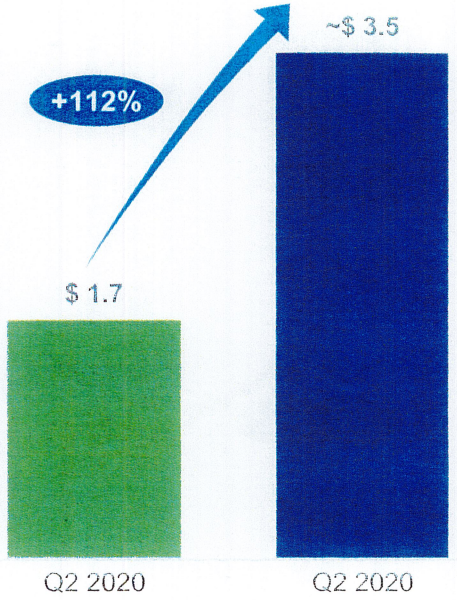
Dramatically improved scale and earnings diversification

2019 Pro Forma Adjusted EBITDA ($bn)[3]



Does not include future contributions from Toledo HBI

ABL Borrowing Base ($bn)



Acquired assets increase ABL borrowing base from $1.7 billion to ~$3.5 billion

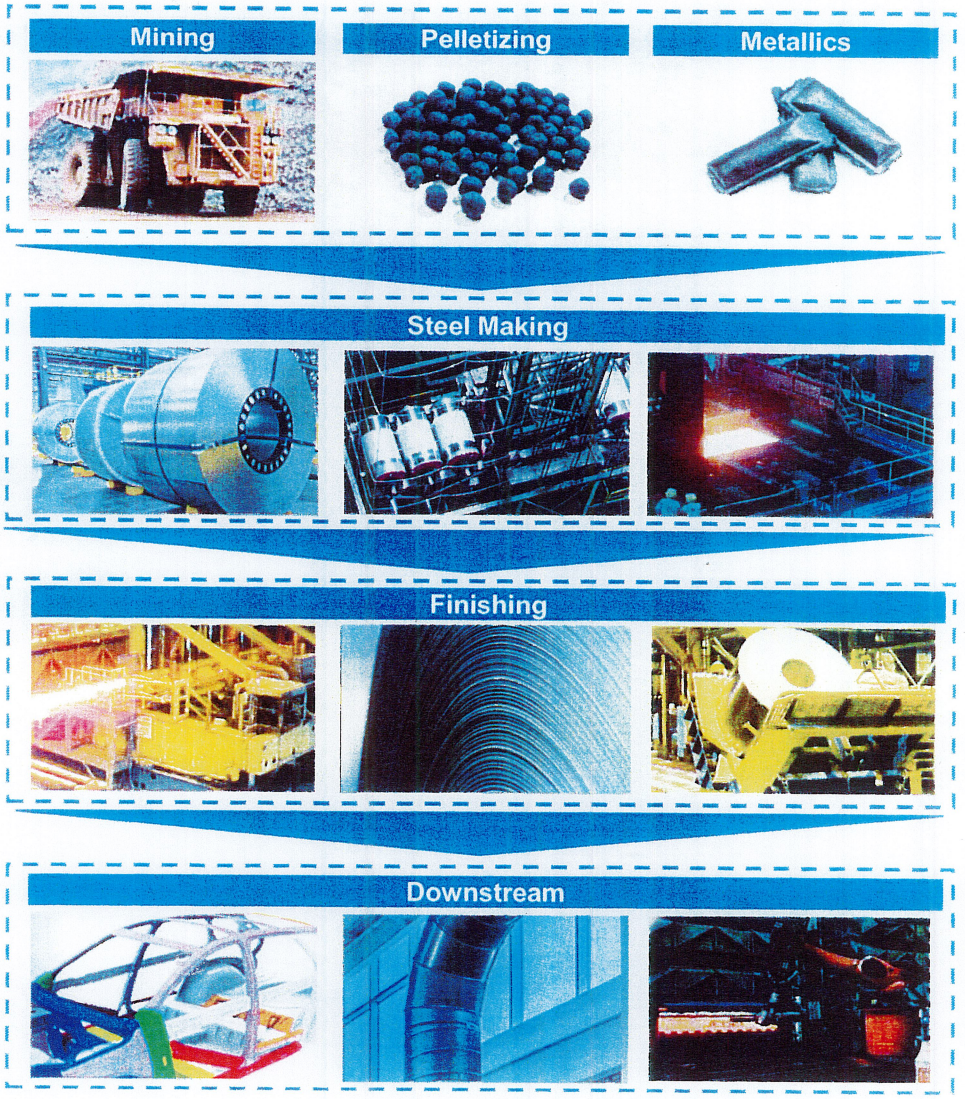
Cleveland-Cliffs standalone[1] PF Cleveland-Cliffs

CLIFFS

Source: Cleveland-Cliffs and AK Steel filings
(1) Cleveland-Cliffs standalone shown pro forma for AK Steel, including $163 million of synergies
(2) PF revenue excludes inter-company sales
(3) Cleveland-Cliffs standalone includes $163 million of synergies from AK Steel acquisition; PF Cleveland-Cliffs includes $150 million of expected run-rate synergies

FULLY INTEGRATED STEEL-MAKING SYSTEM

- Fully self-sufficient in iron ore
- ~28mt of pellets (long tons)
- PF entity will be largest flat-rolled producer in North America
- 2019 combined shipments of approximately 17 million flat-rolled tons[1]
- Enables high-end automotive product mix
- Transaction enhances innovative and diverse downstream capabilities



CLEVELAND-CLIFFS' LEGACY AND EXPERTISE IN IRON ORE SUPPORTS RAW MATERIALS EFFICIENCIES

Illustrative pellet shipment breakdown (current)



CLIFFS Standalone

Pro Forma – sample pellet demand breakdown

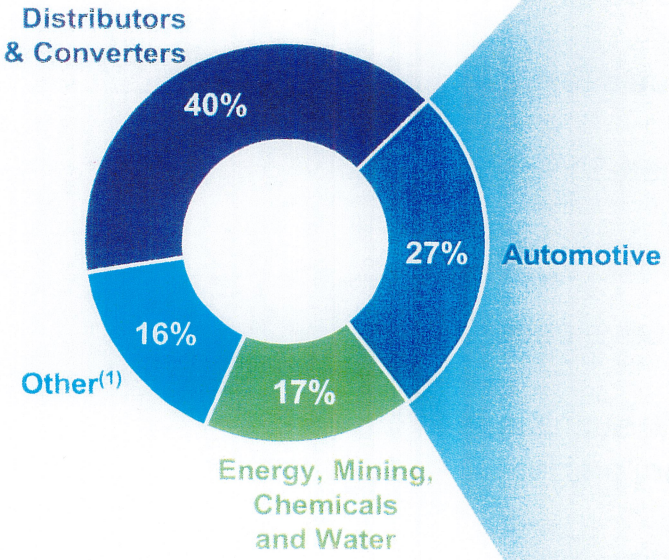


CLIFFS Pro Forma

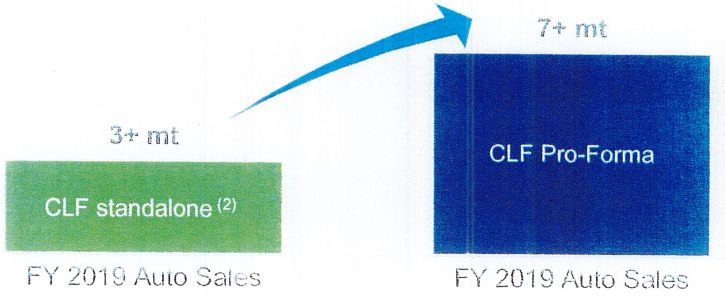
Source: Company filings
Note: Reflects long tons. For illustrative purposes; differences in totals are likely due to rounding.

EXPOSURE TO ATTRACTIVE END MARKETS

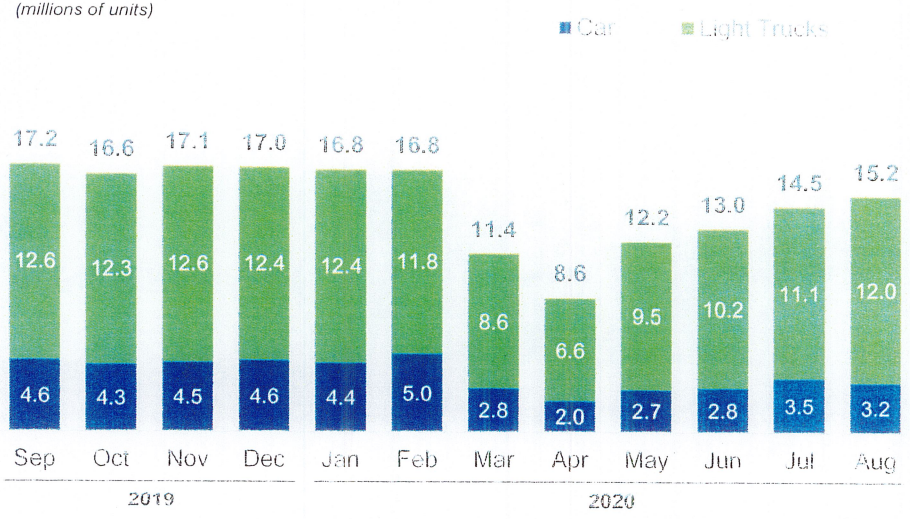
AM USA
2019A Sales by End Market



Significantly improves Cleveland-Cliffs' sales to Automotive as US SAAR recovery and light truck momentum persist



(millions of units)



COMMITMENT TO SUSTAINABLE STEELMAKING

Environmental

- Toledo HBI facility will be key, environmentally friendly supplier to "in-house" facilities and other EAFs
- Future use of HBI in Blast Furnaces to reduce emissions
- Pellet-fed furnaces reduce CO_2 emissions by 85% (compared to sinter-fed furnaces)
- Commitment to supplying steel and parts for electric vehicles



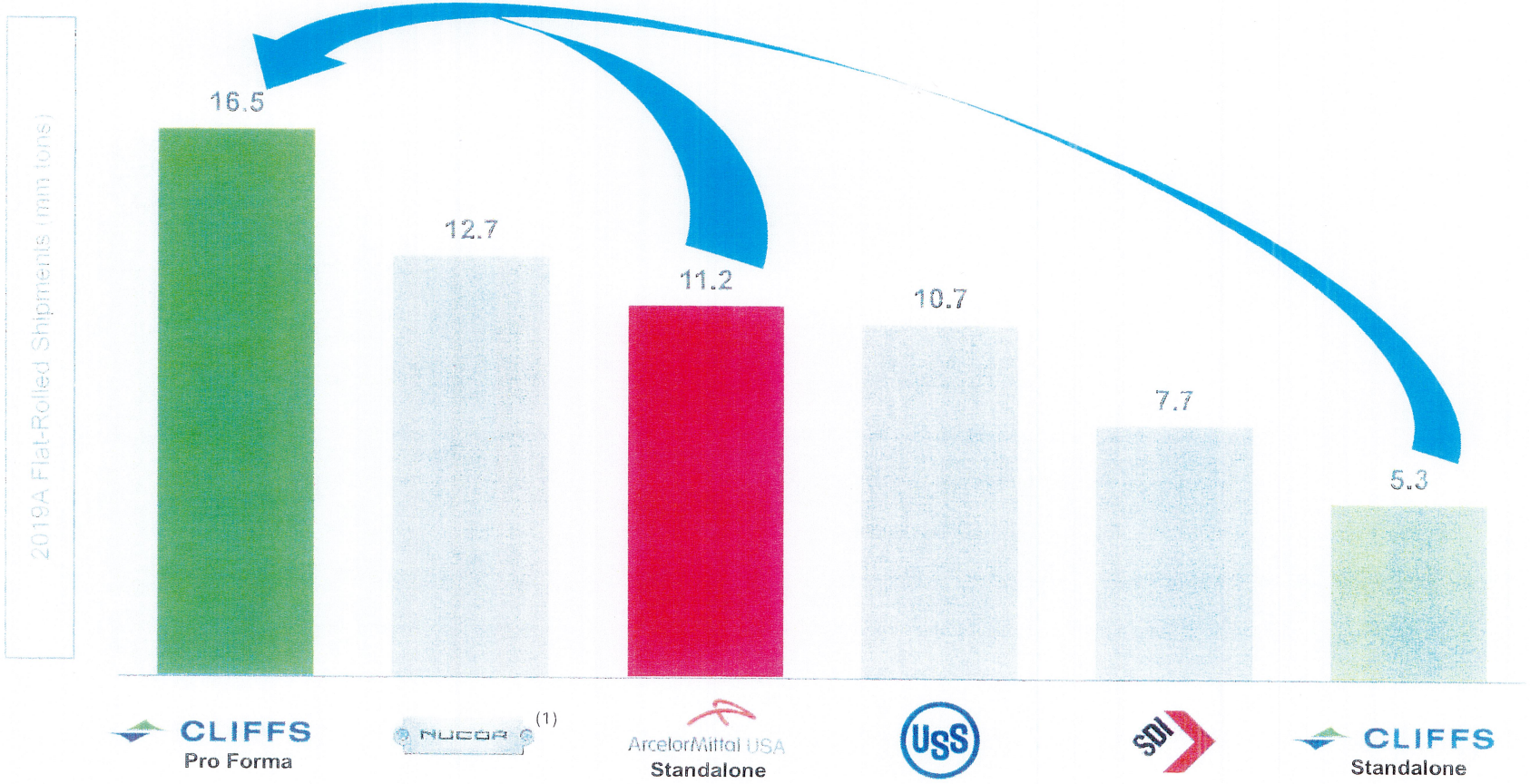
Social

- Well-compensated workforce
  - Cleveland-Cliffs: $104,333 annually (wages and benefits) (1)
- Acquisition enhances Cliffs' great relationships with union partners

(1) Median Employee Annual Total Compensation from Cliffs' 2020 Proxy Statement (March 5, 2020)

TRANSACTION CREATES LARGEST NORTH AMERICAN FLAT-ROLLED STEEL PRODUCER

Pro forma for the transaction, Cleveland-Cliffs will benefit from improved operational capabilities, an enhanced footprint enabling asset optimization and flexibility, and cost improvements



Source: Company Investor Presentations & Filings
Note: Based on 2019A flat-rolled steel shipments (including slabs)
(1) Reflects Nucor's Sheet and Plate shipments from 2019 fourth quarter Earnings Release

ASSETS ACQUIRED IN TRANSACTION

	Asset	State	Description
Steelmaking	Indiana Harbor	IN	Largest integrated steelmaking facility in North America with ~7.4 million tons annual steelmaking capacity[1]
	Burns Harbor	IN	Fully-integrated steelmaking facility with ~5 million tons annual steelmaking capacity
	Cleveland	OH	Fully-integrated steelmaking facility with ~3.8 million tons annual steelmaking capacity
	Coatesville	PA	EAF steel plate production facility with ~1 million tons annual steelmaking capacity
	Steelton	PA	EAF rail production facility with ~1 million tons annual steelmaking capacity
	Riverdale	IL	Compact strip mill ~1 million tons annual thin-slab casting and rolling capacity
Finishing	Columbus	OH	Hot-dip galvanizing facility with ~0.5 million tons annual finished capacity
	Conshohocken	PA	Steel plate finishing facility ~0.5 million tons annual capacity
	Double G. Coatings	MS	Hot-dip galvanizing facility with ~0.3 million tons annual finished capacity
	Gary Plate	IN	Heat treat and finishing facilities producing steel plate
	I/N Tek	IN	Continuous cold-rolling plant with ~2.6 million tons annual finished capacity[2]
	I/N Kote	IN	Hot-dip galvanizing and electrogalvanizing lines with ~1 million tons annual finished capacity[2]
	Piedmont	NC	Finishing facility specializing in plasma cutting plate steel products into blanks
	Weirton	WV	Premier tin plate operation with ~750 thousand tons annual capacity
Mining & Pelletizing	Hibbing	MN	ArcelorMittal's 62.3% interest, jointly owned by ArcelorMittal, Cleveland-Cliffs (23%) and U.S. Steel
	Minorca	MN	Iron ore mine producing ~2.8 million tons of fluxed iron-bearing pellets
Met Coal / Cokemaking	Monessen	PA	Conventional coke plant producing high quality coke and related by-products
	Warren	OH	Converts metallurgical-grade coal into coke with access to Appalachian coal fields
	Princeton	WV	Coal mine specializing in coking and pulverized coal injection (PCI) coal

Source: ArcelorMittal filings
[1] Includes ~1 million tons of hot metal to Riverdale
[2] I/N Tek capacity based on mineral production through CISCN and CAPL. I/N Kote capacity based on 2019 production.

OVERVIEW OF CLEVELAND-CLIFFS' ACQUISITION OF AM USA

Overview	• Transaction creates North America's largest flat-rolled steel producer with fully-integrated raw material position and focus on value-added steels • Valuation implies equity value of $1.4 billion and a total enterprise value[1] of approximately $3.3 billion
Consideration to ArcelorMittal	• ~78.2 million shares of Cleveland-Cliffs common stock[2] (implies ~16% ownership of pro forma Cleveland-Cliffs) • Non-voting Preferred Stock with an approximate value of $373 million • $505 million in cash
Balance Sheet and Financing Strategy	• AM USA acquired on a cash-free and debt-free basis • Cash consideration to be financed using available cash on hand and liquidity • Fully-committed increase to existing ABL • Transaction reduces consolidated leverage position from 4.3x to 3.6x Total Debt to Adj. EBITDA (FY 12/31/2019)[3] on a pro-forma basis
Financial Profile and Synergies	• Approximately $150 million of annual cost synergies • Transaction is anticipated to be EPS accretive
Timing and Closing Requirements	• Transaction has been unanimously approved by Cleveland-Cliffs and ArcelorMittal Boards • Deal is expected to close in Q4 2020, subject to the receipt of regulatory approvals and other customary closing conditions

CLEVELAND-CLIFFS TO ACQUIRE ARCELORMITTAL USA

- Creates largest flat-rolled steel producer in North America
- Forms fully-integrated steel system with the size and scale to achieve improved steelmaking cost performance and enhanced through-the-cycle margins
- Furthers commitment to environmentally and socially conscious steelmaking with self-sufficiency in HBI and pellets
- Increased exposure to highly desirable automotive end market
- Deleveraging transaction creates a more resilient, pro forma balance sheet
- Clear line-of-sight to approximately $150 million of cost synergies **(run-rate by end of year 1)** through asset optimization, purchasing savings, duplicative overhead, etc.

FORWARD-LOOKING STATEMENTS

This presentation contains "forward-looking statements" within the meaning of the federal securities laws, including Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. In this context, forward-looking statements often address expected future business and financial performance and financial condition, and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "estimate," "would," "target" and similar expressions, as well as variations or negatives of these words. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as statements about the consummation of the proposed Transaction and the anticipated benefits thereof. These and other forward-looking statements reflect the Company's current beliefs and judgments and are not guarantees of future results or outcomes. Forward-looking statements are based on assumptions and estimates that are inherently affected by economic, competitive, regulatory, and operational risks and uncertainties and contingencies that may be beyond the Company's control. They are also subject to inherent risks and uncertainties that could cause actual results or performance to differ materially from those expressed in any forward-looking statements. Important risk factors that may cause such a difference include (i) the completion of the proposed Transaction on the anticipated terms and timing or at all, including the receipt of regulatory approvals and anticipated tax treatment, (ii) potential unforeseen liabilities, future capital expenditures, revenues, expenses, earnings, economic performance, indebtedness, financial condition, losses and future prospects, (iii) the ability of the Company to integrate its and ArcelorMittal USA's businesses successfully and to achieve anticipated synergies, (iv) business and management strategies for the management, expansion and growth of the combined company's operations following the consummation of the proposed Transaction, (v) potential litigation relating to the proposed Transaction that could be instituted against the Company or its officers and directors, (vi) the risk that disruptions from the proposed Transaction will harm ArcelorMittal USA's or the Company's businesses, including current plans and operations, (vii) the ability of ArcelorMittal USA or the Company to retain and hire key personnel, (viii) potential adverse reactions or changes to business relationships resulting from the announcement or completion of the proposed Transaction, (ix) 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 the Company's major customers, including customers in the automotive market, key suppliers or contractors, which, among other adverse effects, could lead to reduced demand for the Company's products, increased difficulty collecting receivables, and customers and/or suppliers asserting force majeure or other reasons for not performing their contractual obligations to the Company, (x) the Company's ability to realize the anticipated benefits of the acquisition of AK Steel and to successfully integrate the businesses of AK Steel into its existing businesses, including uncertainties associated with maintaining relationships with customers, vendors and employees, as well as realizing additional future synergies, (xi) uncertainty as to the long-term value of the Company's common stock, (xii) continued availability of capital and financing and rating agency actions, (xiii) legislative, regulatory and economic developments and (xiv) unpredictability and severity of catastrophic events, including acts of terrorism or outbreak of war or hostilities, as well as management's response to any of the aforementioned factors. Other factors that may present significant additional obstacles to the realization of forward-looking statements or which could have a material adverse effect on the Company's consolidated financial condition, results of operations, credit rating or liquidity are contained in the Company's periodic reports filed with the Securities and Exchange Commission, including in the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020. The Company assumes no obligation to publicly provide revisions or updates to any forward-looking statements, whether as a result of new information, future developments or otherwise, should circumstances change, except as otherwise required by applicable law.

CLIFFS

Cleveland-Cliffs to Acquire ArcelorMittal USA

SEPTEMBER 28, 2020

ArcelorMittal