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, 2024

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 493,943,553 as of November 5, 2024.

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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,” "Cleveland-Cliffs" and “Cliffs” are to Cleveland-Cliffs Inc. and subsidiaries, collectively. Unless otherwise indicated, references to "$" is to United States currency.

Abbreviation or acronym	Term
7.000% 2032 Senior Notes	7.000% Senior Guaranteed Notes due 2032 issued by Cleveland-Cliffs Inc. on March 18, 2024 and August 16, 2024 in an aggregate principal amount of $1,425 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, December 9, 2020, December 17, 2021, June 9, 2023, July 31, 2024, and September 13, 2024, and as may be further amended from time to time
Adjusted EBITDA	EBITDA, excluding certain items such as EBITDA of noncontrolling interests, Weirton indefinite idle, extinguishment of debt, acquisition-related costs and adjustments, arbitration decision, and other, net
Arrangement Agreement	Arrangement Agreement, by and between Stelco, Purchaser and Cleveland-Cliffs Inc., dated July 14, 2024
AOCI	Accumulated other comprehensive income (loss)
ASU	Accounting Standards Update
BOF	Basic oxygen furnace
Bridge Facility	Financing arrangement contemplated by the Commitment Letter under which Cleveland-Cliffs Inc. had the option to borrow certain funds in relation to the Stelco Acquisition
CHIPS Act	The Creating Helpful Incentives to Produce Semiconductors and Science Act of 2022
CO_2e	Carbon dioxide equivalent
Commitment Letter	Commitment Letter, dated as of July 14, 2024, pursuant to which Wells Fargo Bank National Association, Wells Fargo Securities, LLC, and JP Morgan Chase Bank, N.A. committed to providing Cleveland-Cliffs Inc. with financing under a Bridge Facility
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
DOE	U.S. Department of Energy
EAF	Electric arc furnace
EBITDA	Earnings before interest, taxes, depreciation and amortization
EPA	U.S. Environmental Protection Agency
EPS	Earnings per share
EV	Electric vehicle
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FMSH Act	Federal Mine Safety and Health Act of 1977, as amended
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
Inflation Reduction Act	Inflation Reduction Act of 2022
Infrastructure and Jobs Act	Infrastructure Investment and Jobs Act of 2021
Metric ton (mt)	2,205 pounds
MSHA	Mine Safety and Health Administration of the U.S. Department of Labor
Net ton (nt)	2,000 pounds
NOES	Non-oriented electrical steel
OCED	Office of Clean Energy Demonstrations
OPEB	Other postretirement benefits
Platts 62% price	Platts IODEX 62% Fe Fines CFR North China
Purchaser	13421422 Canada Inc., a Canadian corporation and a direct, wholly-owned subsidiary of Cleveland-Cliffs Inc.
SEC	U.S. Securities and Exchange Commission
Section 232	Section 232 of the Trade Expansion Act of 1962 (as amended by the Trade Act of 1974)
Securities Act	Securities Act of 1933, as amended
Stelco	Stelco Holdings Inc., a Canadian corporation
Stelco Acquisition	The acquisition of all of the outstanding common shares of Stelco by the Company, as provided for in the Arrangement Agreement
SunCoke Middletown	Middletown Coke Company, LLC, a subsidiary of SunCoke Energy, Inc.
USMCA	United States-Mexico-Canada Agreement
USW	United Steelworkers
VIE	Variable interest entity

PART I

ITEM 1. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

STATEMENTS OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL POSITION
CLEVELAND-CLIFFS INC. AND SUBSIDIARIES

(In millions, except share information)	September 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 39**	$ 198
Accounts receivable, net	**1,583**	1,840
Inventories	**4,236**	4,460
Other current assets	**169**	138
Total current assets	**6,027**	6,636
Non-current assets:		
Property, plant and equipment, net	**8,687**	8,895
Goodwill	**1,005**	1,005
Pension and OPEB assets	**378**	329
Other non-current assets	**699**	672
TOTAL ASSETS	**$ 16,796**	$ 17,537
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	**$ 1,983**	$ 2,099
Accrued employment costs	**413**	511
Accrued expenses	**379**	380
Other current liabilities	**480**	518
Total current liabilities	**3,255**	3,508
Non-current liabilities:		
Long-term debt	**3,774**	3,137
Pension and OPEB liabilities	**666**	821
Deferred income taxes	**567**	639
Other non-current liabilities	**1,439**	1,310
TOTAL LIABILITIES	**9,701**	9,415
Commitments and contingencies (See Note 17)		
Equity:		
Common shares - par value $0.125 per share Authorized - 1,200,000,000 shares (2023 - 1,200,000,000 shares); Issued - 531,051,530 shares (2023 - 531,051,530 shares); Outstanding - 468,067,482 shares (2023 - 504,886,773 shares)	**66**	66
Capital in excess of par value of shares	**4,875**	4,861
Retained earnings	**1,426**	1,733
Cost of 62,984,048 common shares in treasury (2023 - 26,164,757 shares)	**(1,153)**	(430)
Accumulated other comprehensive income	**1,640**	1,657
Total Cliffs shareholders' equity	**6,854**	7,887
Noncontrolling interests	**241**	235
TOTAL EQUITY	**7,095**	8,122
TOTAL LIABILITIES AND EQUITY	**$ 16,796**	$ 17,537

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions, except per share amounts)	**2024**	2023	**2024**	2023
Revenues	**$ 4,569**	$ 5,605	**$ 14,860**	$ 16,884
Operating costs:				
Cost of goods sold	**(4,673)**	(5,125)	**(14,517)**	(15,661)
Selling, general and administrative expenses	**(112)**	(139)	**(347)**	(415)
Acquisition-related costs	**(14)**	(5)	**(14)**	(5)
Restructuring and other charges	**(2)**	—	**(131)**	—
Asset impairments	**—**	—	**(79)**	—
Miscellaneous – net	**(27)**	(11)	**(63)**	(26)
Total operating costs	**(4,828)**	(5,280)	**(15,151)**	(16,107)
Operating income (loss)	**(259)**	325	**(291)**	777
Other income (expense):				
Interest expense, net	**(102)**	(70)	**(235)**	(226)
Loss on extinguishment of debt	**—**	—	**(27)**	—
Net periodic benefit credits other than service cost component	**62**	50	**184**	150
Changes in fair value of foreign currency contracts, net	**(7)**	—	**(7)**	—
Other non-operating income (expense)	**—**	(2)	**3**	4
Total other expense	**(47)**	(22)	**(82)**	(72)
Income (loss) from continuing operations before income taxes	**(306)**	303	**(373)**	705
Income tax benefit (expense)	**76**	(29)	**99**	(118)
Income (loss) from continuing operations	**(230)**	274	**(274)**	587
Income from discontinued operations, net of tax	**—**	1	**—**	2
Net income (loss)	**(230)**	275	**(274)**	589
Income attributable to noncontrolling interests	**(12)**	(11)	**(33)**	(35)
Net income (loss) attributable to Cliffs shareholders	**$ (242)**	$ 264	**$ (307)**	$ 554
Earnings (loss) per common share attributable to Cliffs shareholders - basic				
Continuing operations	**$ (0.52)**	$ 0.52	**$ (0.64)**	$ 1.08
Discontinued operations	**—**	—	**—**	—
	$ (0.52)	$ 0.52	**$ (0.64)**	$ 1.08
Earnings (loss) per common share attributable to Cliffs shareholders - diluted				
Continuing operations	**$ (0.52)**	$ 0.52	**$ (0.64)**	$ 1.08
Discontinued operations	**—**	—	**—**	—
	$ (0.52)	$ 0.52	**$ (0.64)**	$ 1.08

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

STATEMENTS OF UNAUDITED CONDENSED CONSOLIDATED COMPREHENSIVE INCOME (LOSS)
CLEVELAND-CLIFFS INC. AND SUBSIDIARIES

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	**2024**	2023	**2024**	2023
Net income (loss)	**$ (230)**	$ 275	**$ (274)**	$ 589
Other comprehensive income (loss):				
Changes in pension and OPEB, net of tax	**(29)**	(27)	**(86)**	(80)
Changes in derivative financial instruments, net of tax	**2**	31	**69**	(103)
Changes in foreign currency translation	**1**	—	**—**	—
Total other comprehensive income (loss)	**(26)**	4	**(17)**	(183)
Comprehensive income (loss)	**(256)**	279	**(291)**	406
Comprehensive income attributable to noncontrolling interests	**(12)**	(11)	**(33)**	(35)
Comprehensive income (loss) attributable to Cliffs shareholders	**$ (268)**	$ 268	**$ (324)**	$ 371

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

	Nine Months Ended September 30,	
(In millions)	**2024**	2023
OPERATING ACTIVITIES		
Net income (loss)	**$ (274)**	$ 589
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	**693**	738
Restructuring and other charges	**131**	—
Asset impairments	**79**	—
Pension and OPEB credits	**(157)**	(119)
Loss on extinguishment of debt	**27**	—
Other	**66**	253
Changes in operating assets and liabilities:		
Accounts receivable, net	**258**	(164)
Inventories	**190**	538
Income taxes	**(46)**	16
Pension and OPEB payments and contributions	**(162)**	(84)
Payables, accrued employment and accrued expenses	**(217)**	(95)
Other, net	**(11)**	(57)
Net cash provided by operating activities	**577**	1,615
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(490)**	(481)
Other investing activities	**13**	11
Net cash used by investing activities	**(477)**	(470)
FINANCING ACTIVITIES		
Repurchase of common shares	**(733)**	(152)
Proceeds from issuance of senior notes	**1,421**	750
Repayments of senior notes	**(845)**	—
Borrowings (repayments) under credit facilities, net	**47**	(1,539)
Debt issuance costs	**(73)**	(34)
Other financing activities	**(76)**	(165)
Net cash used by financing activities	**(259)**	(1,140)
Net increase (decrease) in cash and cash equivalents	**(159)**	5
Cash and cash equivalents at beginning of period	**198**	26
Cash and cash equivalents at end of period	**$ 39**	$ 31

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	Common Shares in Treasury	AOCI	Non-Controlling Interest	Total
December 31, 2023	**504.9**	**$ 66**	**$ 4,861**	**$ 1,733**	**$ (430)**	**$ 1,657**	**$ 235**	**$ 8,122**
Comprehensive income (loss)	**—**	**—**	**—**	**(67)**	**—**	**(9)**	**14**	**(62)**
Common stock repurchases, net of excise tax	**(30.4)**	**—**	**—**	**—**	**(615)**	**—**	**—**	**(615)**
Stock and other incentive plans	**1.0**	**—**	**(10)**	**—**	**15**	**—**	**—**	**5**
Net distributions to noncontrolling interests	**—**	**—**	**—**	**—**	**—**	**—**	**(8)**	**(8)**
March 31, 2024	**475.5**	**$ 66**	**$ 4,851**	**$ 1,666**	**$ (1,030)**	**$ 1,648**	**$ 241**	**$ 7,442**
Comprehensive income	**—**	**—**	**—**	**2**	**—**	**18**	**7**	**27**
Common stock repurchases, net of excise tax	**(7.5)**	**—**	**—**	**—**	**(125)**	**—**	**—**	**(125)**
Stock and other incentive plans	**—**	**—**	**13**	**—**	**1**	**—**	**—**	**14**
Net distributions to noncontrolling interests	**—**	**—**	**—**	**—**	**—**	**—**	**14**	**14**
June 30, 2024	**468.0**	**$ 66**	**$ 4,864**	**$ 1,668**	**$ (1,154)**	**$ 1,666**	**$ 262**	**$ 7,372**
Comprehensive income (loss)	**—**	**—**	**—**	**(242)**	**—**	**(26)**	**12**	**(256)**
Stock and other incentive plans	**0.1**	**—**	**11**	**—**	**1**	**—**	**—**	**12**
Net distributions to noncontrolling interests	**—**	**—**	**—**	**—**	**—**	**—**	**(33)**	**(33)**
September 30, 2024	**468.1**	**$ 66**	**$ 4,875**	**$ 1,426**	**$ (1,153)**	**$ 1,640**	**$ 241**	**$ 7,095**

(In millions)	Number of Common Shares Outstanding	Par Value of Common Shares Issued	Capital in Excess of Par Value of Shares	Retained Earnings	Common Shares in Treasury	AOCI	Non-Controlling Interest	Total
December 31, 2022	513.3	$ 66	$ 4,871	$ 1,334	$ (310)	$ 1,830	$ 251	$ 8,042
Comprehensive income (loss)	—	—	—	(57)	—	(179)	15	(221)
Stock and other incentive plans	1.8	—	(39)	—	30	—	—	(9)
Net distributions to noncontrolling interests	—	—	—	—	—	—	(19)	(19)
March 31, 2023	515.1	$ 66	$ 4,832	$ 1,277	$ (280)	$ 1,651	$ 247	$ 7,793
Comprehensive income (loss)	—	—	—	347	—	(8)	9	348
Common stock repurchases, net of excise tax	(6.5)	—	—	—	(95)	—	—	(95)
Stock and other incentive plans	0.1	—	9	—	3	—	—	12
Net distributions to noncontrolling interests	—	—	—	—	—	—	(14)	(14)
June 30, 2023	508.7	$ 66	$ 4,841	$ 1,624	$ (372)	$ 1,643	$ 242	$ 8,044
Comprehensive income	—	—	—	264	—	4	11	279
Common stock repurchases, net of excise tax	(3.9)	—	—	—	(59)	—	—	(59)
Stock and other incentive plans	—	—	9	—	—	—	—	9
Net distributions to noncontrolling interests	—	—	—	—	—	—	(9)	(9)
September 30, 2023	504.8	$ 66	$ 4,850	$ 1,888	$ (431)	$ 1,647	$ 244	$ 8,264

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
CLEVELAND-CLIFFS INC. AND SUBSIDIARIES

NOTE 1 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

BUSINESS, CONSOLIDATION AND PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with SEC rules and regulations and, in the opinion of management, include all adjustments (consisting of normal recurring adjustments) necessary to present fairly the financial position, results of operations, comprehensive income (loss), cash flows and changes in equity for the periods presented. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management bases its estimates on various assumptions and historical experience, which are believed to be reasonable; however, due to the inherent nature of estimates, actual results may differ significantly due to changed conditions or assumptions. The results of operations for the three and nine months ended September 30, 2024 are not necessarily indicative of results to be expected for the year ending December 31, 2024 or any other future period. Certain prior period amounts have been reclassified to conform with the current year presentation. These unaudited condensed consolidated financial statements should be read in conjunction with the financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2023.

NATURE OF BUSINESS

We are a leading North America-based steel producer with focus on value-added sheet products, particularly for the automotive industry. We are also a leading producer of electrical steels referred to as GOES and NOES in the U.S. We are vertically integrated from the mining of iron ore, production of pellets and direct reduced iron, and processing of ferrous scrap through primary steelmaking and downstream finishing, stamping, tooling, and tubing. Headquartered in Cleveland, Ohio, with the closing of the Stelco Acquisition, we employ approximately 30,000 people across our operations in the United States and Canada.

ACQUISITION OF STELCO

On November 1, 2024, pursuant to the terms of the Arrangement Agreement announced on July 15, 2024, we completed the Stelco Acquisition. In connection with closing, Stelco shareholders received CAD $60.00 in cash and 0.454 shares of Cliffs common stock per share of Stelco common stock.

BUSINESS OPERATIONS

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. These investments are included within our Steelmaking segment. Our investment in affiliates of $117 million and $123 million as of September 30, 2024 and December 31, 2023, 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, 2023 filed with the SEC. There have been no material changes in our significant accounting policies and estimates from those disclosed therein.

RECENT ACCOUNTING PRONOUNCEMENTS AND LEGISLATION

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 roll-forward of the related obligations. The new standard does not affect the recognition, measurement or financial statement presentation of the supplier finance program obligations. We have adopted this standard, except for the amendment on roll-forward information, which is effective for fiscal years beginning after December 15, 2023. Refer to NOTE 2 - SUPPLEMENTARY FINANCIAL STATEMENT INFORMATION for further information.

In November 2023, the FASB issued *ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. This guidance requires additional annual and interim disclosures for reportable segments. This new standard does not affect the recognition, measurement or financial statement presentation. The amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024.

In December 2023, the FASB issued *ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures* . This guidance requires additional annual and interim disclosures for income taxes. This new standard does not affect the

recognition, measurement or financial statement presentation. The amendments are effective for fiscal years beginning after December 15, 2024.

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)	**2024**	2023
Allowance for credit losses as of January 1	**$ (5)**	$ (4)
Decrease (increase) in allowance	**1**	(3)
Allowance for credit losses as of September 30	**$ (4)**	$ (7)

INVENTORIES

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

(In millions)	**September 30, 2024**	December 31, 2023
Product inventories		
Finished and semi-finished goods	**$ 2,319**	$ 2,573
Raw materials	**1,486**	1,476
Total product inventories	**3,805**	4,049
Manufacturing supplies and critical spares	**431**	411
Inventories	**$ 4,236**	$ 4,460

SUPPLY CHAIN FINANCE PROGRAMS

We negotiate payment terms directly with our suppliers for the purchase of goods and services. We currently offer voluntary supply chain finance programs that enable our suppliers to sell their Cliffs receivables to financial intermediaries, at the sole discretion of both the suppliers and financial intermediaries. No guarantees are provided by us or our subsidiaries under the supply chain finance programs. The supply chain finance programs allow our suppliers to be paid by the financial intermediaries earlier than the due date on the applicable invoice. Supply chain finance programs that extend terms or provide us an economic benefit are classified as short-term financings. As of September 30, 2024 and December 31, 2023, we had $27 million and $21 million, respectively, deemed as short-term financings that are classified in *Other current liabilities*. Additionally, as of September 30, 2024 and December 31, 2023, we had $71 million and $91 million, respectively, classified as *Accounts payable*.

WEIRTON INDEFINITE IDLE

On February 15, 2024, we announced the indefinite idle of our tinplate production plant located in Weirton, West Virginia. As of September 30, 2024, we have incurred $212 million of charges related to the idle and estimate that we will incur nominal future charges to *Restructuring and other charges,* primarily related to employee related costs which are expected to be incurred by the end of 2024.

The following table represents a reconciliation of our accrued liabilities related to the Weirton indefinite idle:

(In millions)	Employee- Related Costs	Exit Costs	Asset Impairment	Total
Balance as of December 31, 2023	$ —	$ —	$ —	$ —
Costs incurred[1]	58	48	64	170
Cash payments	—	(2)	—	(2)
Non-cash	—	—	(64)	(64)
Balance as of March 31, 2024	$ 58	$ 46	$ —	$ 104
Costs incurred[2]	23	2	15	40
Cash payments	(8)	(10)	—	(18)
Non-cash	—	—	(15)	(15)
Balance as of June 30, 2024	$ 73	$ 38	$ —	$ 111
Costs incurred[3]	—	2	—	2
Cash payments	(10)	(11)	—	(21)
Balance as of September 30, 2024	$ 63	$ 29	$ —	$ 92

[1] Of the $170 million of cost incurred, $104 million was recorded in *Restructuring and other charges,* $64 million was recorded in *Asset impairments* and $2 million was recorded in *Net periodic benefit credits other than service cost component.*

[2] Of the $40 million of costs incurred, $25 million was recorded in *Restructuring and other charges* and $15 million was recorded in *Asset impairments.*

[3] Costs incurred of $2 million were recorded in *Restructuring and other charges.*

CASH FLOW INFORMATION

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

	Nine Months Ended September 30,	
(In millions)	2024	2023
Capital additions	$ 557	$ 508
Less:		
Non-cash accruals	(58)	(98)
Equipment financed with seller	50	47
Right-of-use assets - finance leases	75	78
Cash paid for capital expenditures including deposits	$ 490	$ 481

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

	Nine Months Ended September 30,	
(In millions)	2024	2023
Income taxes paid	$ 13	$ 91
Income tax refunds	(5)	(142)
Interest paid on debt obligations net of capitalized interest[1]	193	202

[1] Capitalized interest was $11 million and $8 million for the nine months ended September 30, 2024 and 2023, respectively.

NOTE 3 - 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, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Steelmaking:				
Direct automotive	**$ 1,334**	$ 1,958	**$ 4,411**	$ 5,808
Infrastructure and manufacturing	**1,160**	1,427	**3,973**	4,315
Distributors and converters	**1,317**	1,321	**4,131**	4,020
Steel producers	**608**	737	**1,846**	2,234
Total Steelmaking	**4,419**	5,443	**14,361**	16,377
Other Businesses:				
Direct automotive	**123**	133	**411**	415
Infrastructure and manufacturing	**9**	9	**29**	29
Distributors and converters	**18**	20	**59**	63
Total Other Businesses	**150**	162	**499**	507
Total revenues	**$ 4,569**	$ 5,605	**$ 14,860**	$ 16,884

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

(In millions)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Steelmaking:				
Hot-rolled steel	**$ 1,003**	$ 1,269	**$ 3,246**	$ 3,747
Cold-rolled steel	**671**	651	**2,131**	2,038
Coated steel	**1,377**	1,748	**4,546**	5,154
Stainless and electrical steel	**449**	568	**1,390**	1,757
Plate	**237**	382	**887**	1,112
Slab and other steel products	**276**	322	**929**	1,015
Other	**406**	503	**1,232**	1,554
Total Steelmaking	**4,419**	5,443	**14,361**	16,377
Other Businesses:				
Other	**150**	162	**499**	507
Total revenues	**$ 4,569**	$ 5,605	**$ 14,860**	$ 16,884

NOTE 4 - 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 a leading North America-based steel producer supported by being the largest iron ore pellet producer as well as a leading prime scrap processor, 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 allocate Corporate *Selling, general and administrative expenses* to our operating segments.

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, showing results exclusive of certain non-recurring and/or non-cash items. 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, 2024	2023	Nine Months Ended September 30, 2024	2023
Revenues:				
Steelmaking	**$ 4,419**	$ 5,443	**$ 14,361**	$ 16,377
Other Businesses	**150**	162	**499**	507
Total revenues	**$ 4,569**	$ 5,605	**$ 14,860**	$ 16,884
Adjusted EBITDA:				
Steelmaking	**$ 113**	$ 603	**$ 814**	$ 1,608
Other Businesses	**8**	9	**43**	32
Eliminations	**3**	2	**4**	(8)
Total Adjusted EBITDA	**$ 124**	$ 614	**$ 861**	$ 1,632

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

(In millions)	Three Months Ended September 30, 2024	2023	Nine Months Ended September 30, 2024	2023
Net income (loss)	**$ (230)**	$ 275	**$ (274)**	$ 589
Less:				
Interest expense, net	**(102)**	(70)	**(235)**	(226)
Income tax benefit (expense)	**76**	(29)	**99**	(118)
Depreciation, depletion and amortization	**(235)**	(249)	**(693)**	(738)
Total EBITDA	**31**	623	**555**	1,671
Less:				
EBITDA of noncontrolling interests[1]	**20**	20	**56**	60
Weirton indefinite idle[2]	**(2)**	—	**(219)**	—
Loss on extinguishment of debt	**—**	—	**(27)**	—
Acquisition-related costs	**(14)**	(3)	**(14)**	(5)
Changes in fair value of foreign currency contracts, net	**(7)**	—	**(7)**	—
Arbitration decision	**(71)**	—	**(71)**	—
Other, net	**(19)**	(8)	**(24)**	(16)
Total Adjusted EBITDA	**$ 124**	$ 614	**$ 861**	$ 1,632
[1] EBITDA of noncontrolling interests includes the following:				
Net income attributable to noncontrolling interests	**$ 12**	$ 11	**$ 33**	$ 35
Depreciation, depletion and amortization	**8**	9	**23**	25
EBITDA of noncontrolling interests	**$ 20**	$ 20	**$ 56**	$ 60

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

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

(In millions)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Depreciation, depletion and amortization:				
Steelmaking	**$ (228)**	$ (241)	**$ (669)**	$ (711)
Other Businesses	**(7)**	(8)	**(24)**	(27)
Total depreciation, depletion and amortization	**$ (235)**	$ (249)	**$ (693)**	$ (738)
Capital additions[1]:				
Steelmaking	**$ 211**	$ 217	**$ 554**	$ 503
Other Businesses	**—**	—	**3**	3
Corporate	**—**	1	**—**	2
Total capital additions	**$ 211**	$ 218	**$ 557**	$ 508

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

The following summarizes our assets by segment:

(In millions)	September 30, 2024	December 31, 2023
Assets:		
Steelmaking	**$ 16,235**	$ 16,880
Other Businesses	**637**	657
Intersegment eliminations	**(489)**	(507)
Total segment assets	**16,383**	17,030
Corporate	**413**	507
Total assets	**$ 16,796**	$ 17,537

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

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

(In millions)	September 30, 2024	December 31, 2023
Land, land improvements and mineral rights	**$ 1,389**	$ 1,389
Buildings	**938**	946
Equipment	**9,916**	9,680
Other	**315**	302
Construction in progress	**714**	590
Total property, plant and equipment[1]	**13,272**	12,907
Allowance for depreciation and depletion	**(4,585)**	(4,012)
Property, plant and equipment, net	**$ 8,687**	$ 8,895

[1] Includes right-of-use assets related to finance leases of $358 million and $306 million as of September 30, 2024 and December 31, 2023, respectively.

We recorded depreciation and depletion expense of $233 million and $687 million for the three and nine months ended September 30, 2024, respectively, and $247 million and $732 million for the three and nine months ended September 30, 2023, respectively.

During the first quarter of 2024, we announced the indefinite idle of our Weirton tinplate production plant, which resulted in a $46 million impairment charge to *Property, plant and equipment, net*.

NOTE 6 - GOODWILL AND INTANGIBLE ASSETS AND LIABILITIES

GOODWILL

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

(In millions)	September 30, 2024	December 31, 2023
Steelmaking	**$ 956**	$ 956
Other Businesses	**49**	49
Total goodwill	**$ 1,005**	$ 1,005

INTANGIBLE ASSETS AND LIABILITIES

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

	September 30, 2024			December 31, 2023		
(In millions)	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Intangible assets[1]:						
Customer relationships	**$ 90**	**$ (22)**	**$ 68**	$ 90	$ (18)	$ 72
Developed technology	**60**	**(17)**	**43**	60	(14)	46
Trade names and trademarks	**18**	**(6)**	**12**	18	(5)	13
Mining permits	**72**	**(28)**	**44**	72	(28)	44
Supplier relationships	**29**	**(5)**	**24**	29	(3)	26
Total intangible assets	**$ 269**	**$ (78)**	**$ 191**	$ 269	$ (68)	$ 201
Intangible liabilities[2]:						
Above-market supply contracts	**$ (71)**	**$ 28**	**$ (43)**	$ (71)	$ 24	$ (47)

[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 for both the three months ended September 30, 2024 and 2023, and $10 million for both the nine months ended September 30, 2024 and 2023. Estimated future amortization expense is $3 million for the remainder of 2024 and $13 million annually for the years 2025 through 2029.

Income from amortization related to the intangible liabilities was $1 million for both the three months ended September 30, 2024 and 2023, and $4 million for both the nine months ended September 30, 2024 and 2023. Estimated future income from amortization is $1 million for the remainder of 2024 and $5 million annually for the years 2025 through 2029.

NOTE 7 - 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, 2024**	December 31, 2023
Senior Secured Notes:				
6.750% 2026 Senior Secured Notes	Cliffs	**6.990%**	**$ —**	$ 829
Senior Unsecured Notes:				
7.000% 2027 Senior Notes	Cliffs	**9.240%**	**73**	73
7.000% 2027 AK Senior Notes	AK Steel	**9.240%**	**56**	56
5.875% 2027 Senior Notes	Cliffs	**6.490%**	**556**	556
4.625% 2029 Senior Notes	Cliffs	**4.625%**	**368**	368
6.750% 2030 Senior Notes	Cliffs	**6.750%**	**750**	750
4.875% 2031 Senior Notes	Cliffs	**4.875%**	**325**	325
7.000% 2032 Senior Notes	Cliffs	**7.054%**	**1,425**	—
6.250% 2040 Senior Notes	Cliffs	**6.340%**	**235**	235
ABL Facility	Cliffs[2]	**Variable[3]**	**47**	—
Total principal amount			**3,835**	3,192
Unamortized discounts and issuance costs			**(61)**	(55)
Total long-term debt			**$ 3,774**	$ 3,137

[1] Unless otherwise noted, references in this column and throughout this NOTE 7 - 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 was 8.25% as of September 30, 2024. Any incremental borrowings on our ABL Facility, as of September 30, 2024, would have had an interest rate between 5.63% and 8.25%.

7.000% 2032 SENIOR NOTES OFFERING

On March 18, 2024, we entered into an indenture among Cliffs, the guarantors party thereto and U.S. Bank Trust Company, National Association, as trustee, relating to the issuance of $825 million aggregate principal amount of our 7.000% 2032 Senior Notes, which were issued at par. The 7.000% 2032 Senior Notes were issued in a private placement transaction exempt from the registration requirements of the Securities Act.

On August 16, 2024, we issued an additional $600 million aggregate principal amount of our 7.000% 2032 Senior Notes in a private placement transaction exempt from the registration requirements of the Securities Act. These additional notes were issued at a price of 99.25% of their principal amount. Furthermore, the additional notes are treated as the same class and series as the initial notes issued on March 18, 2024, other than with respect to the date of issuance and issue price. The net proceeds from the transaction were used to finance a portion of the cash consideration paid in connection with the Stelco Acquisition, which we completed on November 1, 2024.

The 7.000% 2032 Senior Notes bear interest at a rate of 7.000% per annum, payable semi-annually in arrears on March 15 and September 15 of each year, commencing on September 15, 2024. The 7.000% 2032 Senior Notes mature on March 15, 2032.

The 7.000% 2032 Senior Notes are unsecured senior obligations and rank equally in right of payment with all of our existing and future unsecured and unsubordinated indebtedness. The 7.000% 2032 Senior Notes are guaranteed on a senior unsecured basis by our material direct and indirect wholly owned domestic subsidiaries. The 7.000% 2032 Senior Notes are structurally subordinated to all existing and future indebtedness and other liabilities of our subsidiaries that do not guarantee the 7.000% 2032 Senior Notes.

The 7.000% 2032 Senior Notes may be redeemed, in whole or in part, at any time at our option not less than 10 days nor more than 60 days after prior notice is sent to the holders of the 7.000% 2032 Senior Notes. The 7.000% 2032 Senior Notes are redeemable prior to March 15, 2027, at a redemption price equal to 100% of the principal amount thereof plus a "make-whole" premium set forth in the indenture. We may also redeem up to 35% of the aggregate principal amount of the 7.000% 2032 Senior Notes prior to March 15, 2027, at a redemption price equal to 107.000% of the principal amount thereof with the net cash proceeds of one or more equity offerings. The 7.000% 2032 Senior Notes are redeemable beginning on March 15, 2027, at a redemption price equal to 103.500% of the principal amount thereof, decreasing to 101.750% on March 15, 2028, and are redeemable at par beginning on March 15, 2029. In each case, we pay the applicable redemption or "make-whole" premiums plus accrued and unpaid interest, if any, to, but not including, the date of redemption.

In addition, if a change in control triggering event, as defined in the indenture, occurs with respect to the 7.000% 2032 Senior Notes, we will be required to offer to repurchase the notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to, but not including, the date of repurchase.

The terms of the 7.000% 2032 Senior Notes contain certain customary covenants; however, there are no financial covenants.

ABL FACILITY

On July 31, 2024 and September 13, 2024, in connection with the Stelco Acquisition, we entered into the fifth and sixth amendments to our ABL Facility, respectively. The amendments, among other things, (i) amend the normal conditions for borrowing loans to allow for the Stelco Acquisition and permit additional borrowings for the purpose of financing a portion of the Stelco Acquisition purchase price, and (ii) subsequent to the Stelco Acquisition and the satisfaction of customary conditions, divide the existing $4.75 billion of aggregate lending commitments under our ABL Facility into two tranches, (x) a $4.25 billion tranche of lending commitments available to be borrowed by the Company and certain U.S. subsidiaries of the Company that are designated as borrowers from time to time in accordance with the ABL Facility and (y) a $500 million tranche of lending commitments available to be borrowed by certain Canadian subsidiaries of the Company that are designated as borrowers from time to time in accordance with the ABL Facility.

As of September 30, 2024, 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, 2024
Available borrowing base on ABL Facility[1]	$ 3,833
Borrowings	(47)
Letter of credit obligations[2]	(46)
Borrowing capacity available	$ 3,740

[1] As of September 30, 2024, the ABL Facility has a maximum available borrowing base of $4.75 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, operating agreements, employee severance, environmental obligations, workers' compensation and insurance obligations.

COMMITMENT LETTER

In the third quarter of 2024, we entered into a Commitment Letter under which a syndicate of banks committed to provide us with up to $3.3 billion of financing under a Bridge Facility to finance the Stelco Acquisition. Per terms outlined in the Commitment Letter, the Bridge Facility was subsequently reduced to $2.4 billion at September 13, 2024, the effective date of the sixth amendment to the ABL Facility. As of September 30, 2024, the Bridge Facility was available in a single draw on the closing date of the Stelco Acquisition and had a maturity date 364 days after the closing date. The Bridge Facility is also subject to further reductions as outlined in the Commitment Letter, including reductions equal to 100% of the net cash proceeds from any issuance of senior notes. The Bridge Facility commitment terminates on the earliest of (i) five business days after April 14, 2025 (or as such date may be extended under the terms of the Arrangement Agreement), (ii) the consummation of the Stelco Acquisition and (iii) the date that the Arrangement Agreement is terminated or expires in accordance with its terms without the closing of the Stelco Acquisition. See NOTE 18 - SUBSEQUENT EVENTS for further information.

DEBT EXTINGUISHMENTS

On March 18, 2024, we used a portion of the net proceeds from the initial 7.000% 2032 Senior Notes issuance to repurchase $640 million in aggregate principal amount of our 6.750% 2026 Senior Secured Notes pursuant to a tender offer. On April 3, 2024, we redeemed the remaining $189 million in aggregate principal amount of our then-outstanding 6.750% 2026 Senior Secured Notes with the remaining portion of the net proceeds from the initial 7.000% 2032 Senior Notes issuance and available liquidity.

DEBT MATURITIES

The following represents a summary of our maturities of debt instruments based on the principal amounts outstanding at September 30, 2024 (in millions):

2024	2025	2026	2027	2028	Thereafter	Total
$ —	$ —	$ —	$ 685	$ 47	$ 3,103	$ 3,835

NOTE 8 - 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)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	**2024**	2023	**2024**	2023
Service cost	**$ 7**	$ 8	**$ 21**	$ 24
Interest cost	**54**	59	**163**	176
Expected return on plan assets	**(80)**	(79)	**(240)**	(236)
Amortization:				
Prior service costs	**5**	5	**13**	13
Net actuarial loss	**—**	—	**—**	2
Net periodic benefit credits	**$ (14)**	$ (7)	**$ (43)**	$ (21)

OPEB COSTS (CREDITS)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	**2024**	2023	**2024**	2023
Service cost	**$ 2**	$ 2	**$ 6**	$ 7
Interest cost	**13**	15	**38**	47
Expected return on plan assets	**(11)**	(10)	**(32)**	(31)
Termination benefits[1]	**—**	—	**2**	—
Amortization:				
Prior service credits	**(4)**	(4)	**(12)**	(12)
Net actuarial gain	**(39)**	(36)	**(116)**	(109)
Net periodic benefit credits	**$ (39)**	$ (33)	**$ (114)**	$ (98)

[1] The termination benefits relate to the announcement of the indefinite idle of our Weirton tinplate production plant.

Based on funding requirements, we made $75 million and $91 million of defined benefit pension contributions for the three and nine months ended September 30, 2024, respectively. Based on funding requirements, we made nominal defined benefit pension contributions for the three and nine months ended September 30, 2023. Based on funding requirements, we made no contributions to our voluntary employee benefit association trust plans for both the three and nine months ended September 30, 2024 and 2023.

NOTE 9 - INCOME TAXES

Our income tax benefit for the three and nine months ended September 30, 2024 is $76 million and $99 million, respectively, compared to income tax expense of $29 million and $118 million for the three and nine months ended September 30, 2023, respectively, changed primarily due to depletion in excess of state income tax expense and the impact of immaterial discrete items relative to changes in pre-tax income.

NOTE 10 - ASSET RETIREMENT OBLIGATIONS

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. Asset retirement obligations at our active steelmaking operations primarily include the closure and post-closure care for on-site landfills and other waste containment facilities. Asset retirement obligations have been recorded at present values using settlement dates based on when we expect these facilities to reach capacity and close.

The following is a summary of our asset retirement obligations:

(In millions)	September 30, 2024	December 31, 2023
Asset retirement obligations[1]	**$ 501**	$ 459
Less: current portion	**42**	15
Long-term asset retirement obligations	**$ 459**	$ 444

[1] Includes $269 million and $259 million related to our active operations as of September 30, 2024 and December 31, 2023, respectively.

The following is a roll-forward of our asset retirement obligations:

(In millions)	2024	2023
Asset retirement obligations as of January 1	**$ 459**	$ 520
Accretion expense	**17**	19
Revision in estimated cash flows	**49**	—
Remediation payments	**(24)**	(17)
Asset retirement obligations as of September 30	**$ 501**	$ 522

During the first quarter of 2024, we announced the indefinite idle of our Weirton tinplate production plant, resulting in an increase to our asset retirement obligations as a result of acceleration of the timing and refinement in the cost of required remediation.

NOTE 11 - 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 12 - DERIVATIVE INSTRUMENTS AND HEDGING 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:

		September 30, 2024		December 31, 2023	
(In millions)	Valuation Hierarchy Classification	Carrying Value	Fair Value	Carrying Value	Fair Value
Senior notes	Level 1	**$ 3,727**	**$ 3,754**	$ 3,137	$ 3,118
ABL Facility - outstanding balance	Level 2	**47**	**47**	—	—
Total		**$ 3,774**	**$ 3,801**	$ 3,137	$ 3,118

The valuation of the financial asset classified in Level 2 was determined using a market approach based upon quoted prices for similar assets in active markets or other inputs that were observable.

NOTE 12 - DERIVATIVE INSTRUMENTS AND HEDGING

COMMODITY CONTRACTS

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.

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. Impacts of our designated commodity contracts are reflected within *Other, net* in the Statements of Unaudited Condensed Consolidated Cash Flows. Refer to NOTE 14 - ACCUMULATED OTHER COMPREHENSIVE INCOME for further information.

Our commodity contracts are classified as Level 2 as values were determined using a market approach based upon quoted prices for similar assets in active markets or other inputs that were observable.

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

			Notional Amount	
Commodity Contracts	Unit of Measure	Maturity Dates	September 30, 2024	December 31, 2023
Natural Gas	MMBtu	October 2024 - August 2027	**157,430,000**	168,590,000
Electricity	Megawatt hours	October 2024 - October 2027	**3,499,413**	3,501,898

At September 30, 2024, we estimate $97 million of net losses related to our hedge contracts will reclassify from *Accumulated other comprehensive income* into *Cost of goods sold* during the next 12 months. These estimates are based on September 30, 2024 fair values, some of which will change before their actual reclassification into *Cost of goods sold.*

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

Balance Sheet Location (In millions)	September 30, 2024	December 31, 2023
Other current assets	**$ 1**	$ —
Other non-current assets	**1**	1
Other current liabilities	**(63)**	(105)
Other non-current liabilities	**(26)**	(52)

FOREIGN CURRENCY CONTRACTS

On July 15, 2024, we announced that we had entered into the Arrangement Agreement with Stelco to acquire all of its common shares in a cash and stock transaction valued, at the time, at approximately $2.5 billion. We hedged a portion of the purchase price by entering into foreign currency option contracts with a notional amount of $1.5 billion as of September 30, 2024 with a maturity date of October 15, 2024. Our foreign currency contracts are classified as Level 2 as values were determined using a market approach based upon quoted prices for similar assets in active markets or other inputs that were observable.

These hedge contracts are considered economic hedges and do not qualify for hedge accounting. As a result, the hedge contracts are recorded at fair value as a derivative asset or liability on the Statements of Unaudited Condensed Consolidated Financial Position with their corresponding change in fair value recognized in *Other (income) expense*. These options had a fair value of $3 million at September 30, 2024 and are included in *Other Current Assets* on the Statements of Unaudited Condensed Consolidated Financial Position. During the three and nine months ended September 30, 2024, these contracts resulted in a loss of $7 million presented in *Changes in fair value of foreign currency contracts, net.*

NOTE 13 - CAPITAL STOCK

SHARE REPURCHASE PROGRAM

During the first quarter of 2024, we fully utilized the remaining portion of our prior $1 billion share repurchase program, which was approved by our Board of Directors on February 10, 2022.

On April 22, 2024, our Board of Directors authorized a new 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 $1.5 billion. We are not obligated to make any repurchases, 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 months ended September 30, 2024, we did not repurchase any common shares. During the nine months ended September 30, 2024, we repurchased 37.9 million common shares at an aggregate cost of $733 million, excluding any excise tax due under the Inflation Reduction Act. During the three and nine months ended September 30, 2023, we repurchased 3.9 million and 10.4 million common shares, respectively, at a cost of $58 million and $152 million in the aggregate, respectively. As of September 30, 2024, there was approximately $1.4 billion remaining authorization under our active share repurchase program.

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 14 - ACCUMULATED OTHER COMPREHENSIVE INCOME

The components of *Accumulated other comprehensive income* within Cliffs shareholders' equity and related tax effects allocated to each are shown below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	**2024**	2023	**2024**	2023
Foreign Currency Translation				
Beginning balance	**$ (1)**	$ (1)	**$ —**	$ (1)
Other comprehensive gain before reclassifications	**1**	—	**—**	—
Ending balance	**$ —**	$ (1)	**$ —**	$ (1)
Derivative Instruments				
Beginning balance	**$ (103)**	$ (150)	**$ (170)**	$ (16)
Other comprehensive loss before reclassifications	**(36)**	(21)	**(67)**	(229)
Income tax benefit	**9**	5	**17**	56
Other comprehensive loss before reclassifications, net of tax	**(27)**	(16)	**(50)**	(173)
Losses reclassified from AOCI to net income (loss)[1]	**38**	63	**158**	93
Income tax benefit[2]	**(9)**	(16)	**(39)**	(23)
Net losses reclassified from AOCI to net income (loss)	**29**	47	**119**	70
Ending balance	**$ (101)**	$ (119)	**$ (101)**	$ (119)
Pension and OPEB				
Beginning balance	**$ 1,770**	$ 1,794	**$ 1,827**	$ 1,847
Gains reclassified from AOCI to net income (loss)[3]	**(37)**	(35)	**(114)**	(106)
Income tax expense[2]	**8**	8	**28**	26
Net gains reclassified from AOCI to net income (loss)	**(29)**	(27)	**(86)**	(80)
Ending balance	**$ 1,741**	$ 1,767	**$ 1,741**	$ 1,767
Total AOCI Ending Balance	**$ 1,640**	$ 1,647	**$ 1,640**	$ 1,647

[1] Amounts recognized in *Cost of goods sold* in the Statements of Unaudited Condensed Consolidated Operations.

[2] Amounts recognized in *Income tax benefit (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.

NOTE 15 - 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 $38 million for the three and nine months ended September 30, 2024, respectively, compared to $13 million and $40 million for the three and nine months ended September 30, 2023, respectively, that was included in our consolidated income before income taxes. Additionally, SunCoke Middletown had cash used for capital expenditures of $20 million for the nine months ended September 30, 2024, compared to $21 million for the nine months ended September 30, 2023, that was included in our consolidated *Purchase of property, plant and equipment* on the Statements of Unaudited Condensed Consolidated Cash Flows.

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, 2024	December 31, 2023
Inventories	**$ 28**	$ 29
Property, plant and equipment, net	**291**	288
Accounts payable	**(16)**	(26)
Other assets (liabilities), net	**(46)**	(39)
Noncontrolling interests	**(257)**	(252)

NOTE 16 - EARNINGS PER SHARE

The following table summarizes the computation of basic and diluted EPS:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions, except per share amounts)	**2024**	2023	**2024**	2023
Income (loss) from continuing operations	**$ (230)**	$ 274	**$ (274)**	$ 587
Income from continuing operations attributable to noncontrolling interests	**(12)**	(11)	**(33)**	(35)
Net income (loss) from continuing operations attributable to Cliffs shareholders	**(242)**	263	**(307)**	552
Income from discontinued operations, net of tax	**—**	1	**—**	2
Net income (loss) attributable to Cliffs shareholders	**$ (242)**	$ 264	**$ (307)**	$ 554
Weighted average number of shares:				
Basic	**468**	508	**478**	512
Employee stock plans[1]	**—**	1	**—**	1
Diluted	**468**	509	**478**	513
Earnings (loss) per common share attributable to Cliffs shareholders - basic:				
Continuing operations	**$ (0.52)**	$ 0.52	**$ (0.64)**	$ 1.08
Discontinued operations	**—**	—	**—**	—
	$ (0.52)	$ 0.52	**$ (0.64)**	$ 1.08
Earnings (loss) per common share attributable to Cliffs shareholders - diluted:				
Continuing operations	**$ (0.52)**	$ 0.52	**$ (0.64)**	$ 1.08
Discontinued operations	**—**	—	**—**	—
	$ (0.52)	$ 0.52	**$ (0.64)**	$ 1.08

[1] Excluded from the diluted EPS calculation are anti-dilutive shares related to employee stock plans. For both the three and nine months ended September 30, 2024 2 million shares were excluded. For both the three and nine months ended September 30, 2023 2 million shares were excluded.

NOTE 17 - 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 steel manufacturing 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.

OTHER COMMERCIAL COMMITMENTS

We use surety bonds and letters of credit to provide financial assurance for certain obligations and statutory requirements. As of September 30, 2024, we had $270 million of surety-backed letters of credit and surety bonds outstanding. Additionally, as of September 30, 2024, we had $46 million of outstanding letters of credit issued under our ABL Facility.

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 our 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 estimate potential remediation expenditures only after the investigation is complete and when we better understand the nature and scope of the remediation. In general, the material factors in these estimates include the costs associated with investigations, delineations, risk assessments, remedial work, governmental response and oversight, site monitoring, and preparation of reports to the appropriate environmental agencies.

The following is a summary of our environmental obligations:

(In millions)	September 30, 2024	December 31, 2023
Environmental obligations	**$ 128**	$ 134
Less: current portion	**16**	21
Long-term environmental obligations	**$ 112**	$ 113

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 the Resource Conservation and Recovery Act, which governs the treatment, handling and disposal of hazardous waste, the EPA and authorized state environmental agencies may conduct inspections of Resource Conservation and Recovery Act-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 the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 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 certain 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.

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 18 - SUBSEQUENT EVENTS

On October 22, 2024, we issued $900 million aggregate principal amount of 6.875% 2029 Senior Guaranteed Notes and $900 million aggregate principal amount of 7.375% 2033 Senior Guaranteed Notes in a private placement transaction that was exempt from the registration requirements of the Securities Act. The completion of the notes offering further reduced the Bridge Facility by $1.8 billion. The net proceeds from the notes offering were used to finance a portion of the cash consideration paid in connection with the Stelco Acquisition.

On November 1, 2024, pursuant to the terms of the Arrangement Agreement announced on July 15, 2024, we completed the Stelco Acquisition. In connection with closing, Stelco shareholders received CAD $60.00 in cash and 0.454 shares of Cliffs common stock per share of Stelco common stock. Additionally, Stelco equity award holders received CAD $60.00 in cash and 0.454 shares of Cliffs common stock per outstanding restricted share unit and deferred share unit. The total purchase consideration of the Stelco Acquisition was approximately $3.2 billion. Additionally, pursuant to the terms outlined in the Commitment Letter, the Bridge Facility was terminated concurrently with the completion of the acquisition. The Stelco Acquisition will be accounted for using the acquisition method of accounting for business combinations pursuant to ASC 805 - *Business Combinations*, which requires, among other things, assets acquired and liabilities assumed to be recorded at their fair value on the acquisition date. Any excess of consideration to be transferred over the estimated fair value of assets acquired and liabilities assumed will be recorded as goodwill. Determining the fair value of acquired assets and liabilities assumed requires management's judgment and the use of independent valuation specialists. At the time of this filing, it is impracticable to disclose all the information required by ASC 805 - *Business Combinations*, as we are in the process of evaluating the purchase accounting and pro forma implications of this transaction.

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, 2023, as well as other publicly available information.

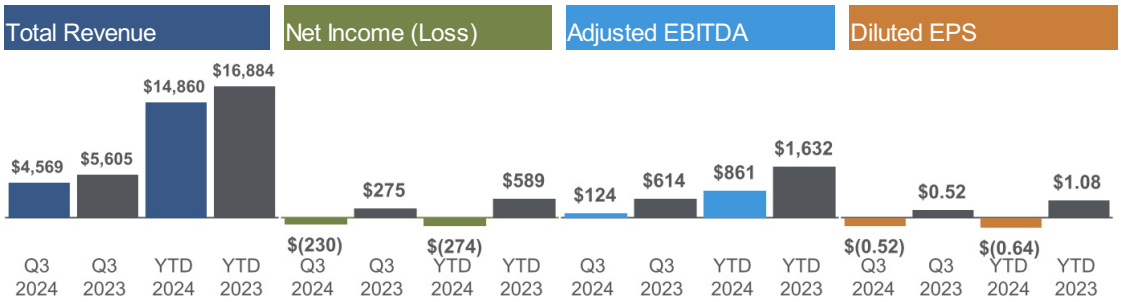
OVERVIEW

We are a leading North America-based steel producer with focus on value-added sheet products, particularly for the automotive industry. We are vertically integrated from the mining of iron ore, production of pellets and direct reduced iron, and processing of ferrous scrap through primary steelmaking and downstream finishing, stamping, tooling, and tubing. Headquartered in Cleveland, Ohio, with the closing of the Stelco Acquisition, we employ approximately 30,000 people across our operations in the United States and Canada.

Unless otherwise noted, discussion of our business and results of operations in this Quarterly Report on Form 10-Q refers to our continuing operations on a stand-alone basis without giving effect to the Stelco Acquisition.

FINANCIAL SUMMARY

The following is a summary of our consolidated results for the three and nine months ended September 30, 2024 and 2023 (in millions, except for diluted EPS):



See "— Non-GAAP Financial Measures" below for a reconciliation of our *Net income (loss)* to Adjusted EBITDA.

ECONOMIC OVERVIEW

STEEL MARKET OVERVIEW

Steel market conditions in 2024 have been driven by weaker than anticipated light vehicle production, lower demand and higher import levels. The price for domestic HRC, the most significant index impacting our revenues and profitability, averaged $677 per net ton for the third quarter of 2024, 14% lower than the third quarter of 2023, and the lowest quarterly average per net ton since the second quarter of 2020. Import levels have been elevated in 2024, which has contributed to downward pressure on HRC pricing. Looking forward, we expect domestic steel demand to grow as interest rates have started to decline, steel imports are currently unattractive, other end-user demand is healthy, and incremental steel demand stimulated by recent government legislation and manufacturing on-shoring is realized.

The Infrastructure and Jobs Act, the CHIPS Act and the Inflation Reduction Act should provide meaningful support for overall domestic steel demand for years to come. Our extensive portfolio of products should result in increased steel demand from most of our end markets. The Infrastructure and Jobs Act includes approximately $550 billion of authorized spending for new investments and programs. This legislation provides direct spending support for roads, bridges and other infrastructure projects, including upgrades to the domestic power grid and building out a national network of EV chargers. The CHIPS Act promotes semiconductor manufacturing in the U.S., which should help support non-residential construction as well as machinery and equipment. 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. Additionally, the on-shoring of manufacturing in the U.S. should prompt more domestic steel demand as well as reduce the risk of supply chain issues in the future.

OTHER KEY DRIVERS

The largest market for our steel products is the automotive industry in North America, which makes light vehicle production a key driver of demand. Light vehicle production in 2024 has fallen well below expectations. Full-year 2024 North American light vehicle production is estimated to be 15.5 million units, a significant decrease from original estimates of 16.3 million units, and a decrease from 15.7 million units in 2023. During the third quarter of 2024, North American light vehicle production was approximately 3.8

million units, down from 4.1 million units in the second quarter of 2024. During the third quarter of 2024, light vehicle sales in the U.S. saw an average seasonally adjusted annualized rate of 15.6 million units sold, the same rate as the second quarter of 2024.

North American light vehicle production in 2025 and beyond is expected to remain above 15 million units annually. Additionally, the average age of light vehicles on the road in the U.S. is at an all-time high of 12.6 years, which should support demand as older vehicles need to be replaced. We also expect declining interest rates to increase demand for vehicles in the United States as buyers have been cautious due to elevated interest rates. As the leading supplier of automotive-grade steel in the U.S., we expect to benefit from healthy vehicle production levels over the coming years.

Since 2021, the price for busheling scrap, a necessary input for flat-rolled steel production in EAFs in the U.S., has continued to average above the prior annual ten-year average of approximately $400 per long ton. The busheling price averaged $408 per long ton during the third quarter of 2024 and has averaged $434 per long ton through the first nine months of 2024. 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., reduced metallics import availability, and 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 $100 per metric ton in the third quarter of 2024, which is 5% higher than the prior annual ten-year average. While higher iron ore prices play a role in increased global steel prices, we also directly benefit from higher iron ore prices for the portion of iron ore pellets we sell to third parties.

OTHER FACTORS

On July 10, 2024, the United States and Mexico announced key measures to protect the North American steel markets from unfair trade. Both countries are expected to implement policies to jointly curb tariff evasion on steel being exported from Mexico to the United States. If implemented as announced, it will be required that steel imported from Mexico must be melted and poured in Mexico, Canada or the United States to be eligible for Section 232 exemptions. This will effectively put a 25% tariff on any steel that is transshipped through Mexico that originated in China or other countries outside of North America. We believe it is vital that all members adhere to the USMCA and view this as a positive development to ensuring fair trade in the North American steel market.

On April 4, 2024, the DOE issued its final transformer efficiency standards rule that will provide for the continued utilization of GOES in virtually all of our distribution transformer end markets. With the revised rule, the DOE acknowledged the fundamental importance of GOES and the essential role played by our steel plants in Butler, Pennsylvania and Zanesville, Ohio in effectively sustaining the functionality of the U.S. electric grid. The originally proposed distribution transformer rule would have required the use of amorphous metal in nearly all transformer production in the U.S., putting demand for our GOES product at serious risk. The final rule provides clarity going forward on production requirements, allowing for increased investments in the transformer market, which should ultimately lead to increased GOES demand.

During 2023, we significantly reduced costs compared to the prior year, as we had higher production volume and normalized repair and maintenance spending, and inflationary pressures on input and energy costs eased. We expect that full-year 2024 costs will be reduced year-over-year, compared to 2023, as we have worked through higher cost inventory and lower natural gas, coal and alloy costs should mitigate any inflationary cost increases.

COMPETITIVE STRENGTHS

As a leading North America-based steel producer, 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 and flexibility 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 more predictable costs throughout our supply chain and more control over both our manufacturing inputs and our end-product destination.

One of our most critical strengths that differentiates us from others in our industry is a unique and powerful partnership with our unionized workforce, particularly the USW. With approximately 20,000 employees subject to collective bargaining agreements, our strong and productive labor relationships are key to our long-term success and allow us to work together in achieving our goals. A clear example of the strength of our relationship is how we partner together to fight against dumped and illegally subsidized imported steel products. Our deep alignment with our represented employees is also recognized by our political leaders, who often publicly support us as a significant employer of a unionized workforce with a track record of working to maintain and increase middle class jobs.

Our primary competitive strength lies within our automotive steel business. We are a leading supplier of automotive-grade steel in the U.S. Compared to other steel end markets, automotive steel is generally higher quality, more operationally and technologically intensive to produce, and requires significantly more devotion to customer service than other steel end markets. This dedication to service and the infrastructure in place to meet our automotive customers' demanding needs took decades to develop. We have continued to invest capital and resources to meet the requirements needed to serve the automotive industry and intend to maintain our position as an industry leader going forward.

Due to its demanding nature, the automotive steel business typically generates higher through-the-cycle margins, making it a desirable end market. Demand for our automotive-grade steel is expected to be healthy in the coming years as a result of a low unemployment rate, declining interest rates and the replacement of older vehicles.

Our footprint provides us with a competitive advantage in supplying automotive and other highly demanding end markets, as we are able to produce a wide range of high-quality products. Our integrated facilities utilize domestic internally sourced iron ore as the primary feedstock, which allows us to produce a high-quality product with low residual content. We also possess the breadth and depth related to customer service, technical support, and research and development, which are necessary to supply the demanding needs of the automotive industry.

Since the acquisition of our steelmaking assets in 2020, 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. After elevated spend in 2022 to perform overdue maintenance work at the facilities acquired as part of our 2020 acquisitions, we resumed normalized levels of maintenance capital and operating expenses in 2023, which has continued throughout 2024. The necessary resources that we have invested in our footprint are expected to keep our assets at an automotive-grade level of quality and reliability for years to come.

Our industry leading portfolio of fixed price contracts provides us a competitive advantage, as the steel industry is often viewed as volatile and subject to the market price of steel. Our fixed price contracts mitigate pricing volatility and support us in achieving healthy margins through the cycle.

Our ability to source our primary feedstock domestically and internally is a competitive strength. This model reduces our exposure to volatile pricing and unreliable global sourcing. The ongoing conflict between Russia and Ukraine, along with other global tensions, has displayed the importance of our U.S.-centric footprint, as our competitors who primarily operate EAF facilities rely on imported pig iron to produce flat-rolled steel, the supply of which has been disrupted. The best example is our legacy business of producing iron ore pellets. By controlling our iron ore pellet supply, our primary steelmaking raw material feedstock can be secured at a stable and predictable cost and not be subject to as many factors outside of our control.

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, 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.

We are currently a leading producer of electrical steels referred to as GOES and NOES in the U.S. The Infrastructure and Jobs Act provides funding to be used for the modernization of the electrical grid and the infrastructure needed to allow for increased EV adoption, both of which require electrical steels. Because of these incentives and our current customer base, our electrical steel business is expected to continue to achieve strong profitability in the coming years.

We are the first and the only producer of HBI in the Great Lakes region. From our Toledo, Ohio facility, 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. With increasing tightness in the scrap and metallics markets combined with our own internal needs, we expect our Toledo direct reduction plant to support healthy margins for us going forward.

STRATEGY

MAXIMIZE OUR COMMERCIAL STRENGTHS

We offer a full suite of flat steel products encompassing effectively all of our customers' needs. We are a leading supplier to the automotive sector, where our portfolio of high-end products delivers a broad range of differentiated solutions for this highly sought after customer base.

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, strength and corrosion resistance for the automotive industry. 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 and efficient steel manufacturing processes.

During 2022, we introduced our MOTOR-MAX™ product line of NOES for high frequency motors and generators. During 2023, we introduced our C-STAR™ protection design, which was developed for the purpose of providing EV battery protection for improved safety purposes, but can be used in any type of light vehicle. These unique product offerings and customer service capabilities enable us to remain a leading steel supplier to the automotive industry.

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 realizing our inherent cost advantage in flat-rolled steel 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.

We have ample access to scrap along with internally sourced iron ore pellets and HBI. Our ability to optimize use of these raw materials in our blast furnaces and BOFs ultimately boosts liquid steel output, reduces coke needs and lowers carbon emissions from our operations. As a result of successful operational improvements, we announced the indefinite idle of the Indiana Harbor #4

blast furnace in the first quarter of 2022. This indefinite idle reduced our operational blast furnaces from eight to seven. Our strategic use of HBI in our blast furnaces and maximizing scrap usage in our BOFs has allowed us to achieve the same steel production with one less blast furnace in our footprint.

The necessary resources that we have invested in our footprint are expected to keep our assets at an automotive-grade level of quality and reliability for years to come, positioning us to benefit from operating efficiencies and improved capabilities in the coming years.

PURSUE VALUE-ENHANCING MERGERS AND ACQUISITIONS

We have a proven track record of successfully identifying undervalued assets and completing value-enhancing transactions through mergers and acquisitions. With our strong balance sheet, proven ability to integrate acquired assets and capture synergies, along with our powerful partnership with our union and non-union employees, we are confident in our ability to identify and execute value-enhancing mergers and acquisitions.

On July 15, 2024, we announced that we had entered into the Arrangement Agreement to acquire Stelco. The Stelco Acquisition confirms our commitment and leadership in integrated steel production in North America and is expected to strengthen our cost position by incorporating one of the lowest cost flat-rolled steelmaking assets in North America within our footprint. The Stelco Acquisition has the full endorsement of the USW and brings an additional 1,800 USW-represented employees into our workforce. The Stelco Acquisition expands our existing presence in Canada and diversifies our customer base across service centers, construction and other industrial end markets with higher volumes of spot sales. As a result of the Stelco Acquisition, our exposure to the North American spot market is expected to double, giving us further insight into spot market dynamics and diversifying our customer base toward spot customers.

On September 16, 2024, we announced that the holders of common shares of Stelco voted in favor of, and overwhelmingly approved, the special resolution regarding the Stelco Acquisition at a special meeting of shareholders. The special resolution received support of 99.97% of the total votes cast.

On October 8, 2024, we announced the expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 in connection with the Stelco Acquisition. As a result, we cleared U.S. Department of Justice antitrust review for the Stelco Acquisition. On October 9, 2024, we announced that we received a “no-action letter” from the Canadian Competition Bureau, confirming that the Commissioner of Competition does not intend to challenge the Stelco Acquisition. On October 30, 2024, we announced that we received regulatory and program approvals under the Investment Canada Act and Strategic Innovation Fund, the final approvals needed to complete the Stelco Acquisition. Subsequently, we completed the Stelco Acquisition on November 1, 2024.

Going forward, we will continue to be opportunistic in our pursuit of assets that would grow our business and offer opportunities to generate significant synergies. Our strong partnership with our union-represented employees was crucial in prior mergers and acquisitions as well as with the Stelco Acquisition. We remain the only domestic steel company in recent years to successfully acquire steel producing assets with USW-represented employees.

EXPLORE ATTRACTIVE DOWNSTREAM OPPORTUNITIES

On July 22, 2024, we announced our investment plan for our new electrical distribution transformer production plant near our indefinitely idled Weirton, West Virginia facility. We intend to invest approximately $150 million to repurpose a warehouse to commence production of distribution transformers used in electric power distribution. We expect to receive $50 million in support from the West Virginia Economic Development Authority in relation to the project, which reduces our net capital investment to approximately $100 million. Our planned Weirton distribution transformer production plant benefits from the ability to use existing building assets, infrastructure and re-employment opportunities for members of the workforce that were previously employed at our indefinitely idled Weirton tinplate mill.

This project is also expected to increase demand for American-made GOES produced at our Butler Works steel mill as well as for our carbon and stainless steel products used in the manufacturing of distribution transformers. We believe that distribution transformers are critical to America’s electrical infrastructure maintenance and expansion, and we look to benefit from a market that is undersupplied in the United States and currently experiencing extended lead times with a strong demand outlook. This project is expected to be completed in the first half of 2026.

ADVANCE OUR PARTICIPATION IN THE GREEN ECONOMY

We are seeking to expand our customer base with the desirable EV market. As this market grows, it will require more advanced steel applications to meet the needs of EV producers and consumers. These features include the already existing sophisticated steel supply for internal combustion engine vehicle parts, along with the added need for steel-based battery enclosures and reinforcement in EVs. 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 a leading 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 EVs.

ENHANCE OUR ENVIRONMENTAL SUSTAINABILITY

Our commitment to operating our business in a more environmentally responsible manner remains constant. A major issue impacting our industry, our stakeholders and our planet is climate change. In May 2024, we announced our commitment to new GHG emissions reductions targets after we successfully achieved our prior commitment set in 2021 to reduce Scope 1 (direct emissions) and Scope 2 (indirect emissions from purchased electricity or other forms of energy) GHG emissions by 25% by 2030, relative to 2017 levels, well ahead of our 2030 target year. Our new goals set forth below, relative to 2023 levels, are all supported by ongoing and planned technological developments with respect to our ironmaking and steelmaking practices.

- A target to reduce Scope 1 and 2 GHG emissions intensity per metric ton of crude steel by 30% by 2035;
- A target to reduce material upstream Scope 3 GHG emissions intensity per metric ton of crude steel by 20% by 2035; and
- A long-term target aligned with the Paris Agreement's 1.5 degrees Celsius scenario to reduce Scope 1, 2 and material upstream 3 emissions intensity per metric ton of crude steel to near net zero by 2050.

Additionally, we have made significant progress in reducing our emissions on a per ton basis. Since 2020, we have reduced our average Scope 1 and 2 emissions of integrated mills from 1.82 to 1.54 metric tons of CO_2e per metric ton of crude steel produced in 2023, which is 28% lower than the global average.

Our future GHG emissions reductions are expected to be primarily driven by the use of direct reduced iron in electric melting furnaces, direct reduced iron in blast furnaces, the stretching of hot metal with additional scrap, enhancing productivity out of fewer blast furnaces, implementing hydrogen use where possible, adopting carbon capture and utilization, procuring more clean energy, electrification of process equipment and operating with higher energy efficiency.

In March 2024, we were selected by the DOE's OCED for award negotiations to receive up to $575 million in total funding for two projects to accelerate industrial decarbonization initiatives. If fully awarded, we would receive up to a $500 million federal investment to replace our existing blast furnace at Middletown Works with a 2.5 million ton per annum hydrogen-ready direct reduced iron plant and two 120 megawatt electric melting furnaces to feed molten iron to the existing infrastructure already on site, including the BOF, caster, hot strip mill and various finishing facilities. The project is designed so that Middletown Works would maintain its existing raw steel production capacity of approximately 3 million net tons per year and would no longer use coke for iron production. We expect that the process would dramatically reduce carbon emissions intensity with no impact to product quality or capability and would consolidate Middletown Works as the most advanced, lowest GHG emitting integrated iron and steel facility in the world. Following negotiations, in the third quarter of 2024, the OCED awarded us $9.5 million to begin Phase 1 of the Middletown project, with the remaining award being subject to future award negotiations at the end of each project phase. The Middletown project is expected to be completed by 2029.

Additionally, if fully awarded, we would receive up to $75 million at our Butler Works facility to replace two of our existing natural gas fired high temperature slab reheat furnaces with four electrified induction slab reheat furnaces, to bring optimum efficiency to our production of electrical steel. This project would lower carbon emissions, substantially reduce energy costs and improve slab quality. Following negotiations, in the third quarter of 2024, the OCED awarded us $19 million to begin Phase 1 of the Butler project, with the remaining award being subject to future award negotiations at the end of each project phase. The Butler project is expected to be completed by 2029. As a result of both of these projects, we would anticipate generating in excess of $500 million in annual cost savings and yield improvements.

In October 2023, the DOE announced its intention to award funding under the Infrastructure and Jobs Act for seven regional hydrogen hubs, including the Midwest Alliance for Clean Hydrogen. This hub, covering Illinois, Indiana and Michigan, was selected for $1 billion in funding and is near our two largest steel plants, Indiana Harbor and Burns Harbor. In January 2024, we commissioned a pipeline and successfully completed a hydrogen injection trial at our Indiana Harbor blast furnace #7. This follows an initial similar trial of hydrogen at our blast furnace in Middletown earlier in 2023. The use of hydrogen within our blast furnace is expected to partially reduce coke rate and displace the release of CO_2 with H_2O, reducing our overall emissions.

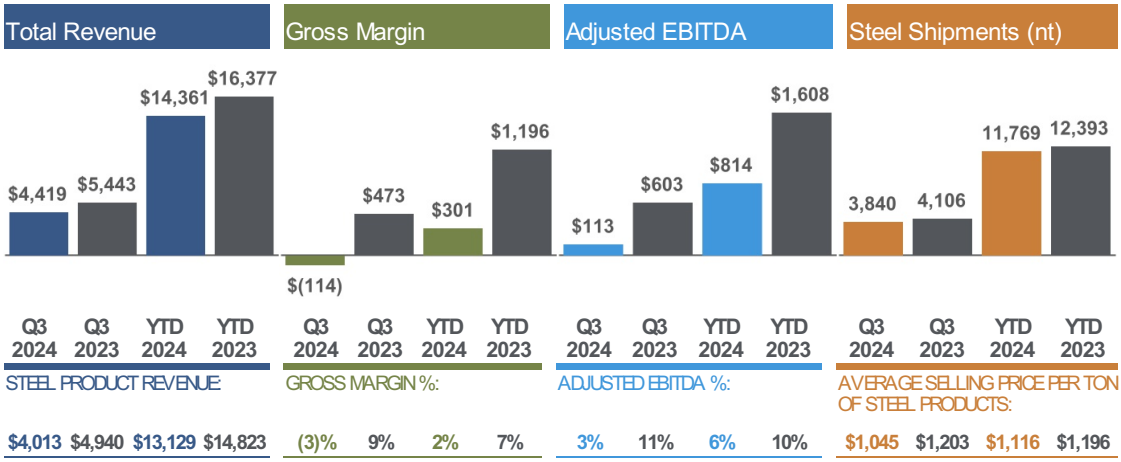
IMPROVE FINANCIAL FLEXIBILITY

Given the cyclicality of our business, it is important to us to be in the financial position to easily withstand economic cycles and be opportunistic when attractive strategic opportunities arise. Since the acquisition of our steelmaking assets in 2020, we have demonstrated our ability to generate healthy free cash flow and use it to reduce substantial amounts of debt, return capital to shareholders through share repurchases and make investments to both improve and grow our business.

We have a track record of demonstrating that we can quickly deleverage our balance sheet and have also historically shown our ability to take advantage of volatility in the debt markets and repurchase notes at a discount. We expect to continue to generate healthy free cash flow in the coming years and intend to utilize it to deleverage our balance sheet following the closing of the Stelco Acquisition. We also maintain a long maturity runway with our outstanding debt, with our nearest maturity coming in 2027, supporting our flexibility to navigate varied economic environments for extended periods of time.

STEELMAKING RESULTS

The following is a summary of our Steelmaking segment operating results for the three and nine months ended September 30, 2024 and 2023 (dollars in millions, except for average selling price, and shipments in thousands of net tons):



REVENUES

The following tables represent our steel shipments by product and total revenues by market:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(In thousands of net tons)	**2024**	2023	**%Change**	**2024**	2023	**%Change**
Steel shipments by product:						
Hot-rolled steel	**1,400**	1,475	(5) %	**4,059**	4,427	(8) %
Cold-rolled steel	**635**	564	13 %	**1,930**	1,806	7 %
Coated steel	**1,078**	1,239	(13) %	**3,465**	3,651	(5) %
Stainless and electrical steel	**140**	169	(17) %	**436**	524	(17) %
Plate	**173**	234	(26) %	**581**	686	(15) %
Slab and other steel products	**414**	425	(3) %	**1,298**	1,299	— %
Total steel shipments by product	**3,840**	4,106	(6) %	**11,769**	12,393	(5) %

	Three Months Ended September 30,			Nine Months Ended September 30,		
(In millions)	**2024**	2023	**%Change**	**2024**	2023	**%Change**
Steelmaking revenues by market:						
Direct automotive	**$ 1,334**	$ 1,958	(32) %	**$ 4,411**	$ 5,808	(24) %
Infrastructure and manufacturing	**1,160**	1,427	(19) %	**3,973**	4,315	(8) %
Distributors and converters	**1,317**	1,321	— %	**4,131**	4,020	3 %
Steel producers	**608**	737	(18) %	**1,846**	2,234	(17) %
Total Steelmaking revenues by market	**$ 4,419**	$ 5,443	(19) %	**$ 14,361**	$ 16,377	(12) %

Revenues decreased by 19% during the three months ended September 30, 2024, as compared to the prior-year period, primarily due to:

- A decrease of $624 million, or 32%, in revenues from the direct automotive market, predominantly due to a decrease in demand;
- A decrease of $267 million, or 19%, in revenues from the infrastructure and manufacturing market, predominantly due to a decrease in shipments and steel index pricing; and
- A decrease of $129 million, or 18%, in revenues from the steel producers markets, predominantly due to the decrease in pricing indices for slabs and busheling scrap.

Revenues decreased by 12% during the nine months ended September 30, 2024, as compared to the prior-year period, primarily due to:

- A decrease of $1,397 million, or 24%, in revenues from the direct automotive market, predominantly due to a decrease in demand;
- A decrease of $342 million, or 8%, in revenues from the infrastructure and manufacturing market, predominantly due to a decrease in shipments and steel index pricing; and
- A decrease of $388 million, or 17%, in revenues from the steel producers markets, predominantly due to the decrease in pricing indices for slabs and busheling scrap.

GROSS MARGIN

Gross margin decreased by $587 million, or 124%, during the three months ended September 30, 2024, as compared to the prior-year period, primarily due to:

- A decrease in average selling price (approximately $460 million impact), predominantly due to lower spot prices and lower direct automotive mix;
- A decrease in sales volume (approximately $140 million impact); and
- A $71 million unfavorable arbitration decision related to iron ore mining royalties for periods of time from 2020 through 2022.
- These decreases were partially offset by a decrease in cost of production driven by lower raw materials and utilities costs, including natural gas, coal, coke, alloys and scrap.

Gross margin decreased by $895 million, or 75%, during the nine months ended September 30, 2024, as compared to the prior-year period, primarily due to:

- A decrease in average selling price (approximately $590 million impact), predominantly due to lower spot prices and lower direct automotive mix; and
- A decrease in sales volume (approximately $340 million impact).
- These decreases were partially offset by a decrease in cost of production driven by lower raw materials and utilities costs, including natural gas, coal, coke, alloys and scrap.

ADJUSTED EBITDA

Adjusted EBITDA from our Steelmaking segment for the three months ended September 30, 2024, decreased by $490 million, as compared to the three months ended September 30, 2023, primarily due to the decreased gross margin from our operations. Additionally, our Steelmaking Adjusted EBITDA included $105 million and $133 million of *Selling, general and administrative expenses* for the three months ended September 30, 2024 and 2023, respectively.

Adjusted EBITDA from our Steelmaking segment for the nine months ended September 30, 2024, decreased by $794 million, as compared to the nine months ended September 30, 2023, primarily due to the decreased gross margin from our operations. Additionally, our Steelmaking Adjusted EBITDA included $326 million and $393 million of *Selling, general and administrative expenses* for the nine months ended September 30, 2024 and 2023, respectively.

RESULTS OF OPERATIONS

REVENUES & GROSS MARGIN

During the three and nine months ended September 30, 2024, our consolidated *Revenues* decreased by $1,036 million and $2,024 million, respectively, compared to the prior-year periods. During the three and nine months ended September 30, 2024, our consolidated gross margin decreased by $584 million and $880 million, respectively, as compared to the prior-year periods. See "—Steelmaking Results" above for further detail on our operating results.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

During the three and nine months ended September 30, 2024, *Selling, general and administrative expenses* decreased by $27 million and $68 million, respectively. The decreases primarily relate to lower employment-related costs.

RESTRUCTURING AND OTHER CHARGES & ASSET IMPAIRMENTS

On February 15, 2024, we announced the indefinite idle of our Weirton tinplate production plant. This resulted in restructuring and other charges primarily related to severance, other employee-related benefits and asset retirement obligation charges of $2 million and $131 million for the three and nine months ended September 30, 2024, respectively. Additionally, this resulted in an asset impairment of $79 million for the nine months ended September 30, 2024.

INTEREST EXPENSE, NET

During the three and nine months ended September 30, 2024, our consolidated *Interest expense, net* increased by $32 million and $9 million, respectively, compared to the prior-year periods. The increases primarily relate to financing fees incurred during the third quarter associated with entering into the Commitment Letter, providing an optional Bridge Facility to finance the Stelco Acquisition. For the nine months ended September 30, 2024, the increase is partially offset by a decrease in interest expense incurred on our outstanding long-term debt.

INCOME TAXES

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	**2024**	2023	**2024**	2023
Income tax benefit (expense)	**$ 76**	$ (29)	**$ 99**	$ (118)

The changes in income tax benefit for the three and nine months ended September 30, 2024, as compared to the income tax expense for the prior-year periods, are primarily related to depletion in excess of state income tax expense and the impact of immaterial discrete items relative to changes in pre-tax income.

LIQUIDITY, CASH FLOWS AND CAPITAL RESOURCES

OVERVIEW

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 cyclical demand for our products and volatility in commodity prices. We are focused on maximizing the cash generation of our operations, reducing debt, returning capital to shareholders, and aligning capital investments with our strategic priorities and the requirements of our business plan, including regulatory and permission-to-operate related projects.

The following table provides a summary of our cash flow:

	Nine Months Ended September 30,	
(In millions)	**2024**	2023
Cash flows provided by (used in):		
Operating activities	**$ 577**	$ 1,615
Investing activities	**(477)**	(470)
Financing activities	**(259)**	(1,140)
Net increase (decrease) in cash and cash equivalents	**$ (159)**	$ 5
Free cash flow[1]	**$ 87**	$ 1,134

[1] See "— Non-GAAP Financial Measures" for a reconciliation of our free cash flow.

The current market environment has provided us the ability to take advantage of favorable debt markets and return capital to shareholders, as follows:

- During the first quarter of 2024, we issued $825 million aggregate principal amount of our 7.000% 2032 Senior Notes. A portion of the net proceeds from the 7.000% 2032 Senior Notes issuance was used to repurchase $640 million in aggregate principal amount of our 6.750% 2026 Senior Secured Notes pursuant to a tender offer. On April 3, 2024, we redeemed the remaining $189 million in aggregate principal amount of our then-outstanding 6.750% 2026 Senior Secured Notes with the remaining portion of the net proceeds from the 7.000% 2032 Senior Notes issuance and available liquidity. After these transactions, we no longer have any secured notes outstanding.
- During the third quarter of 2024, we issued an additional $600 million aggregate principal amount of our $7.000% 2032 Senior Notes. The net proceeds from the transaction were used to finance a portion of the cash consideration paid in connection with the Stelco Acquisition, which we completed on November 1, 2024.
- Additionally, during the nine months ended September 30, 2024, we returned capital to shareholders through our share repurchase programs, repurchasing 37.9 million common shares at a cost of $733 million in the aggregate.

Our financial flexibility has allowed us to remain active in our opportunistic pursuit of value-enhancing mergers and acquisitions. During the third quarter of 2024, we announced that we had entered into an Arrangement Agreement to acquire Stelco. On October 22, 2024, we issued $900 million aggregate principal amount of 6.875% Senior Guaranteed Notes due 2029 at par and $900 million aggregate principal amount of 7.375% Senior Guaranteed Notes due 2033 at par. The net proceeds from the

transaction were used to finance a portion of the cash consideration payable in connection with the Stelco Acquisition, which we completed on November 1, 2024. We have a track record of demonstrating that we can quickly deleverage our balance sheet and have also historically shown our ability to take advantage of volatility in the debt markets and repurchase notes at a discount. We expect to continue to generate healthy free cash flow in the coming years and intend to utilize it to deleverage our balance sheet following the Stelco Acquisition. Going forward, we will continue to use the financial levers available to us in order to continue to pursue assets that would grow our business, reduce our debt and return capital to shareholders.

CASH FLOWS

OPERATING ACTIVITIES

	Nine Months Ended September 30,		
(In millions)	**2024**	2023	Variance
Net income (loss)	**$ (274)**	$ 589	$ (863)
Non-cash adjustments to net income (loss)	**839**	872	(33)
Working capital:			
Accounts receivable, net	**258**	(164)	422
Inventories	**190**	538	(348)
Income taxes	**(46)**	16	(62)
Pension and OPEB payments and contributions	**(162)**	(84)	(78)
Payables, accrued employment and accrued expenses	**(217)**	(95)	(122)
Other, net	**(11)**	(57)	46
Total working capital	**12**	154	(142)
Net cash provided by operating activities	**$ 577**	$ 1,615	$ (1,038)

The variance was primarily driven by:

- A $896 million decrease in net income after non-cash adjustments primarily due to lower gross margins resulting from a decrease in both volume and selling prices for our steel products. See "—Steelmaking Results" above for further detail on our operating results; and
- A $348 million decrease in our change in inventories, due to more aggressive inventory reduction in 2023 that did not repeat in 2024.
- This was partially offset by a $422 million improvement in our change in accounts receivable, due primarily to falling selling prices and volume in 2024.

INVESTING ACTIVITIES

	Nine Months Ended September 30,		
(In millions)	**2024**	2023	Variance
Purchase of property, plant and equipment	**$ (490)**	$ (481)	$ (9)
Other investing activities	**13**	11	2
Net cash used by investing activities	**$ (477)**	$ (470)	$ (7)

Our capital expenditures primarily relate to sustaining capital spend, which includes infrastructure, mobile equipment, fixed equipment, product quality, environmental, and health and safety spend. As a result, our cash used for capital expenditures was consistent, as compared to the prior-year period. Included within cash used for capital expenditures was $20 million for the nine months ended September 30, 2024, compared to $21 million for the nine months ended September 30, 2023, related to our non-owned SunCoke Middletown VIE.

We anticipate total cash used for capital expenditures during the next 12 months to be approximately $600 million, which primarily consists of sustaining capital spend as well as initial spend on our capital projects at Middletown Works, Butler Works and Weirton.

FINANCING ACTIVITIES

	Nine Months Ended September 30,		
(In millions)	**2024**	2023	Variance
Net proceeds of senior notes	**$ 576**	$ 750	$ (174)
Net borrowings (repayments) under credit facilities	**47**	(1,539)	1,586
Repurchase of common shares	**(733)**	(152)	(581)
Other financing activities	**(149)**	(199)	50
Net cash used by financing activities	**$ (259)**	$ (1,140)	$ 881

The variance was primarily driven by:

- A$1.4 billion decrease in cash used resulting from higher net repayments of debt during the nine months ended September 30, 2023; and
- A$581 million increase in cash used to repurchase common shares during the nine months ended September 30, 2024. During the nine months ended September 30, 2024, we repurchased 37.9 million of our common shares on the open market, as compared to the 10.4 million common shares repurchased in the prior-year period.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity are *Cash and cash equivalents,* cash generated from our operations, availability under our ABL Facility and access to capital markets. We generally maintain minimal cash balances and utilize our access to our ABL Facility to cover fluctuations in our cash requirements. Cash and cash equivalents, which totaled $39 million as of September 30, 2024, include cash on hand and on deposit. The combination of cash and availability under our ABL Facility gave us $3.8 billion in liquidity as of September 30, 2024. During the first nine months of 2024, we issued $1.4 billion in aggregate principal amount of 7.000% 2032 Senior Notes. We used a portion of the net proceeds from the initial offering of the 7.000% 2032 Senior Notes and available liquidity to repurchase $829 million in aggregate principal amount of our 6.750% 2026 Secured Senior Notes pursuant to a tender offer and subsequent redemption. We believe our liquidity and access to capital markets will be adequate to fund our cash requirements for the next 12 months and for the foreseeable future.

On July 14, 2024, we entered into the Arrangement Agreement to acquire all of the issued and outstanding common shares of Stelco from the holders thereof. In addition to the $600 million aggregate principal amount of additional 7.000% 2032 Senior Notes issued in the third quarter of 2024, on October 22, 2024, we issued $900 million aggregate principal amount of 6.875% Senior Guaranteed Notes due 2029 at par and $900 million aggregate principal amount of 7.375% Senior Guaranteed Notes due 2033 at par. The net proceeds from these transactions were used to finance a portion of the cash consideration paid in connection with the Stelco Acquisition, which we completed on November 1, 2024. Subsequent to completing the Stelco Acquisition, our pro forma liquidity has remained above $2.5 billion.

During the third quarter of 2024, we amended our $4.75 billion ABL Facility, which matures in June 2028, as part of the financing for the Stelco Acquisition. The ABL Facility amendments provide conditions to utilize the ABL Facility to finance a portion of the purchase price of the Stelco Acquisition and enable us to include assets from Canadian subsidiaries as part of the Stelco Acquisition. The available borrowing base is determined by applying customary advance rates to eligible accounts receivable, inventory and certain mobile equipment. Our ABL Facility includes a $555 million sublimit for the issuance of letters of credit and a $200 million sublimit for swingline loans. As of September 30, 2024, outstanding letters of credit totaled $46 million, which reduced availability under our ABL Facility. We issue standby letters of credit with certain financial institutions to support business obligations, including, but not limited to, workers' compensation, operating agreements, employee severance, environmental obligations and insurance. Our ABL Facility agreement contains various financial and other covenants. As of September 30, 2024, we were in compliance with all of our ABL Facility covenants.

We have the capability to issue additional unsecured notes and, subject to the limitations set forth in our existing senior notes indentures and ABL Facility, to issue secured notes, if we elect to access the debt capital markets. However, our ability to issue additional notes could be limited by market conditions. We intend from time to time to seek to redeem or repurchase our outstanding senior notes with cash on hand, borrowings from existing credit sources or new debt financings and/or exchanges for debt or equity securities, in open market purchases, privately negotiated transactions or otherwise. Such redemptions or repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors, and the amounts involved may be material.

Refer to NOTE 7 - DEBT AND CREDIT FACILITIES for more information on our ABL Facility and debt.

NON-GAAP FINANCIAL MEASURES

The following provides a description and reconciliation of each of our non-GAAP financial measures to its most directly comparable respective GAAP measure. The presentation of these measures is not intended to be considered in isolation from, as a substitute for, or as superior to, the financial information prepared and presented in accordance with GAAP. The presentation of these measures may be different from non-GAAP financial measures used by other companies.

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, showing results exclusive of certain non-recurring and/or non-cash items. 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 (loss)* to Adjusted EBITDA:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	**2024**	2023	**2024**	2023
Net income (loss)	**$ (230)**	$ 275	**$ (274)**	$ 589
Less:				
Interest expense, net	**(102)**	(70)	**(235)**	(226)
Income tax benefit (expense)	**76**	(29)	**99**	(118)
Depreciation, depletion and amortization	**(235)**	(249)	**(693)**	(738)
Total EBITDA	**31**	623	**555**	1,671
Less:				
EBITDA of noncontrolling interests[1]	**20**	20	**56**	60
Weirton indefinite idle[2]	**(2)**	—	**(219)**	—
Loss on extinguishment of debt	**—**	—	**(27)**	—
Acquisition-related costs	**(14)**	(3)	**(14)**	(5)
Changes in fair value of foreign currency contracts, net	**(7)**	—	**(7)**	—
Arbitration decision	**(71)**	—	**(71)**	—
Other, net	**(19)**	(8)	**(24)**	(16)
Total Adjusted EBITDA	**$ 124**	$ 614	**$ 861**	$ 1,632
[1] EBITDA of noncontrolling interests includes the following:				
Net income attributable to noncontrolling interests	**$ 12**	$ 11	**$ 33**	$ 35
Depreciation, depletion and amortization	**8**	9	**23**	25
EBITDA of noncontrolling interests	**$ 20**	$ 20	**$ 56**	$ 60

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	**2024**	2023	**2024**	2023
Adjusted EBITDA:				
Steelmaking	**$ 113**	$ 603	**$ 814**	$ 1,608
Other Businesses	**8**	9	**43**	32
Eliminations	**3**	2	**4**	(8)
Total Adjusted EBITDA	**$ 124**	$ 614	**$ 861**	$ 1,632

FREE CASH FLOW

Free cash flow is a non-GAAP financial measure defined as operating cash flow less purchase of property, plant and equipment. Management believes it is an important measure to assess the cash generation available to service debt, strategic initiatives or other financing activities.

The following table provides a reconciliation of our operating cash flow to free cash flow:

	Nine Months Ended September 30,	
(In millions)	**2024**	2023
Net cash provided by operating activities	**$ 577**	$ 1,615
Purchase of property, plant and equipment	**(490)**	(481)
Free cash flow	**$ 87**	$ 1,134

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") as of September 30, 2024 have fully and unconditionally, and jointly and severally, guaranteed the obligations under the 5.875% 2027 Senior Notes, the 7.000% 2027 Senior Notes, the 4.625% 2029 Senior Notes, the 6.750% 2030 Senior Notes, the 4.875% 2031 Senior Notes and the

7.000% 2032 Senior Notes issued by Cleveland-Cliffs Inc. on a senior unsecured basis. See NOTE 7 - DEBT AND CREDIT FACILITIES for further information.

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

Each Guarantor subsidiary is consolidated by Cleveland-Cliffs Inc. as of September 30, 2024. Refer to Exhibit 22, incorporated herein by reference, for the detailed list of entities included within the obligated group as of September 30, 2024.

As of September 30, 2024, the guarantee of a Guarantor subsidiary with respect to the 5.875% 2027 Senior Notes, the 7.000% 2027 Senior Notes, the 4.625% 2029 Senior Notes, the 6.750% 2030 Senior Notes, the 4.875% 2031 Senior Notes and the 7.000% 2032 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, 2024**	December 31, 2023
Current assets	**$ 6,516**	$ 7,150
Non-current assets	**10,030**	10,111
Current liabilities	**(4,081)**	(4,283)
Non-current liabilities	**(5,999)**	(5,463)

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, 2024**
Revenues	**$ 14,629**
Cost of goods sold	**(14,342)**
Loss from continuing operations	**(300)**
Net loss	**(297)**
Net loss attributable to Cliffs shareholders	**(297)**

The obligated group had the following balances with non-Guarantor subsidiaries and other related parties:

(In millions)	September 30, 2024	December 31, 2023
Balances with non-Guarantor subsidiaries:		
Accounts receivable, net	**$ 756**	$ 743
Accounts payable	**(1,031)**	(1,004)
Balances with other related parties:		
Accounts receivable, net	**$ —**	$ 5
Accounts payable	**(16)**	(11)

Additionally, for the nine months ended September 30, 2024, the obligated group had *Revenues* of $63 million and *Cost of goods sold* of $51 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 other related spot pricing indices, and the purchase of energy and raw materials used in our operations, which are impacted by market prices for natural gas, electricity, ferrous and stainless steel scrap, chrome, metallurgical coal, coke, zinc, chrome, nickel and other alloys. 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 routinely evaluate the use of derivative instruments to hedge market risk. As a result, we use cash-settled commodity price swaps to hedge a portion of our exposure from our natural gas and electricity requirements. Our hedging strategy is designed to protect us from excessive pricing volatility. However, since we do not typically hedge 100% of our exposure, abnormal price increases in any of these commodity markets might still negatively affect operating costs.

The following table summarizes the negative effect of a hypothetical change in the fair value of our derivative instruments outstanding as of September 30, 2024, due to a 10% and 25% change in the market price of each of the indicated commodities:

Commodity Derivative (In millions)	10% Change	25% Change
Natural gas	**$ 54**	**$ 136**
Electricity	**15**	**38**

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

GOODWILL

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 or quantitative 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. We have an unconditional option to bypass the qualitative test for any reporting unit in any period and proceed directly to performing the quantitative test. 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 the guideline public company method, the discounted cash flow methodology, or a combination of both, 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.

OTHER LONG-LIVED ASSETS

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 statements 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. For the three and nine months ended September 30, 2024, we concluded that there were no additional triggering events resulting in the need for an impairment assessment except for the announcement of the indefinite idle of our Weirton tinplate production plant, which resulted in a $46 million impairment charge to *Property, plant and equipment, net* for the nine months ended September 30, 2024.

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, 2024, we had $47 million outstanding under our ABL Facility. An increase in prevailing interest rates would increase interest expense and interest paid for any outstanding borrowings under our ABL Facility.

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.

FOREIGN CURRENCY EXCHANGE RATE RISK

On July 15, 2024, we announced that we had entered into the Arrangement Agreement with Stelco to acquire all of its common shares in a cash and stock transaction valued, at the time, at approximately $2.5 billion. We hedged a portion of the purchase price by entering into foreign currency option contracts with a notional amount of $1.5 billion as of September 30, 2024. These option contracts, with a maturity date of October 15, 2024, expired without being exercised. We may enter into additional hedging instruments in the future, as needed, to further mitigate foreign currency exchange rate risk.

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;
- potential weaknesses and uncertainties in global economic conditions, excess global steelmaking capacity, oversupply of iron ore, prevalence of steel imports and reduced market demand;
- severe financial hardship, bankruptcy, temporary or permanent shutdowns or operational challenges of one or more of our major customers, 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;
- risks related to U.S. government actions with respect to Section 232, the USMCA 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, and reclamation and remediation obligations;
- 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, or to repurchase our common shares;
- 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;
- the outcome of, and costs incurred in connection with, lawsuits, claims, arbitrations or governmental proceedings relating to commercial and business disputes, antitrust claims, environmental matters, government investigations, occupational or personal injury claims, property-related matters, labor and employment matters, or suits involving legacy operations and other matters;
- supply chain disruptions or changes in the cost, quality or availability of energy sources, including electricity, natural gas and diesel fuel, critical raw materials and supplies, including iron ore, industrial gases, graphite electrodes, scrap metal, chrome, zinc, other alloys, coke and metallurgical coal, and critical manufacturing equipment and spare parts;
- 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;
- the risk that the cost or time to implement a strategic or sustaining capital project may prove to be greater than originally anticipated;
- our ability to consummate any public or private acquisition transactions and to realize any or all of the anticipated benefits or estimated future synergies, as well as to successfully integrate any acquired businesses into our existing businesses;
- 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 level of self-insurance and our ability to obtain sufficient third-party insurance to adequately cover potential adverse events and business risks;
- uncertainties associated with our ability to meet customers' and suppliers' decarbonization goals and reduce our GHG emissions in alignment with our own announced targets;
- 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 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;
- 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;
- uncertain availability or cost of skilled workers to fill critical operational positions and potential labor shortages caused by experienced employee attrition or otherwise, as well as our ability to attract, hire, develop and retain key personnel;
- the amount and timing of any repurchases of our common shares;
- potential significant deficiencies or material weaknesses in our internal control over financial reporting;
- the risk that the Stelco Acquisition may be less accretive than expected, or may be dilutive, to our earnings per share, which may negatively affect the market price of our common shares;
- the risk that adverse reactions or changes to business or regulatory relationships may result from the Stelco Acquisition;
- the risk that the financing transactions undertaken in connection with the Stelco Acquisition may have a negative impact on the combined company's credit profile, financial condition or financial flexibility;
- the possibility that the anticipated benefits of the Stelco Acquisition are not realized to the same extent as projected and that the integration of the acquired business into our existing business, including uncertainties associated with maintaining relationships with customers, vendors and employees, is not as successful as expected;
- the risk that future synergies from the Stelco Acquisition may not be realized or may take longer than expected to achieve;
- the possibility that the business and management strategies currently in place or implemented in the future for the maintenance, expansion and growth of the combined company's operations may not be as successful as anticipated;
- the risk associated with the retention and hiring of key personnel, including those of Stelco;
- the risk that the Stelco Acquisition could have adverse effects on the market price of our common shares; and
- the risk of any unforeseen liabilities and future capital expenditures related to the Stelco Acquisition.

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, 2023, 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, 2024 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Mesabi Metallics Adversary Proceeding. As previously disclosed, on September 7, 2017, Mesabi Metallics Company LLC (f/k/a Essar Steel Minnesota LLC) ("Mesabi Metallics") filed a complaint against Cleveland-Cliffs Inc. in the *Essar Steel Minnesota LLC and ESML Holdings Inc.* bankruptcy proceeding in the United States Bankruptcy Court, District of Delaware (the "Bankruptcy Court"). Mesabi Metallics alleged tortious interference with its contractual rights and business relations involving certain vendors, suppliers and contractors, violations of federal and Minnesota antitrust laws through monopolization, attempted monopolization and restraint of trade, violation of the automatic stay, and civil conspiracy with unnamed Doe defendants. Mesabi Metallics amended its complaint to add additional defendants, including, among others, our subsidiary, Cleveland-Cliffs Minnesota Land Development Company LLC ("Cliffs Minnesota Land"), and to add additional claims, including avoidance and recovery of unauthorized post-petition transfers of real estate interests, claims disallowance, civil contempt and declaratory relief. Mesabi Metallics seeks to hold the defendants jointly and severally liable for, among other things, antitrust damages and injunctive relief. The parties filed various dispositive motions on certain of the claims, including a motion for partial summary judgment to settle a dispute over real estate transactions between Cliffs Minnesota Land and Glacier Park Iron Ore Properties LLC ("GPIOP"). A ruling in favor of Cliffs, Cliffs Minnesota Land and GPIOP was issued on July 23, 2018, finding that Mesabi Metallics' leases had terminated and upholding Cliffs' and Cliffs Minnesota Land's purchase and lease of the contested real estate interests. Mesabi Metallics filed a Motion for Leave to File an Interlocutory Appeal, which was denied on September 10, 2019. Discovery was completed, and the parties filed cross-motions for summary judgment. On October 8, 2024, the Bankruptcy Court issued an order granting and denying parts of the cross-motions. We will seek leave in federal district court for review of legal errors contained in the Bankruptcy Court's ruling. We continue to believe the claims asserted against us are without merit, and we intend to continue vigorously defending against all remaining claims in the lawsuit.

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, 2023.

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, 2023, and in Part II, Item 1A. "Risk Factors" in our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024.

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)[2]	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[3]
July 1 - 31, 2024	2,231	$ 15.30	—	$ 1,375,931,379
August 1 - 31, 2024	1,297	$ 15.43	—	$ 1,375,931,379
September 1 - 30, 2024	5,627	$ 11.49	—	$ 1,375,931,379
Total	**9,155**	**$ 12.98**	**—**	

[1] Shares that were delivered to us in order to satisfy tax withholding obligations due upon the vesting or payment of stock awards.

[2] Excludes the 1% excise tax on net stock repurchases.

[3] On April 22, 2024, we announced that our Board of Directors 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 $1.5 billion. We are not obligated to make any repurchases, 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 information concerning mining safety and health or other regulatory 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

During the quarter ended September 30, 2024, no director or officer (as defined in Rule 16a-1(f) promulgated under the Exchange Act) of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as each term is defined in Item 408 of Regulation S-K).

On November 1, 2024, pursuant to the terms of the Arrangement Agreement, we completed the Stelco Acquisition. In connection with closing, Stelco shareholders received CAD $60.00 in cash and 0.454 shares of Cliffs common stock per share of Stelco common stock. In the aggregate, approximately 25.9 million shares of Cliffs common stock were issued in connection with the Stelco Acquisition, including as consideration for the cancellation of Stelco's outstanding equity awards. The shares of Cliffs common stock issued in connection with the Stelco Acquisition were issued in reliance upon Section 3(a)(10) of the Securities Act, which exempts from the registration requirements under the Securities Act any securities that are issued in exchange for one or more bona fide outstanding securities where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange shall have the right to appear, by any court expressly authorized by law to grant such approval.

ITEM 6. EXHIBITS

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

Exhibit Number	Exhibit
2.1	* Arrangement Agreement, dated as of July 14, 2024, by and between Stelco Holdings Inc., 13421422 Canada Inc. and Cleveland-Cliffs Inc. (filed as Exhibit 2.1 to Cliffs' Form 10-Q for the period ended June 30, 2024 and incorporated herein by reference).
4.1	First Supplemental Indenture, dated as of August 16, 2024, among Cleveland-Cliffs Inc., the Guarantors party thereto and U.S. Bank Trust Company, National Association, as trustee (filed herewith).
4.2	Indenture, dated as of October 22, 2024, among Cleveland-Cliffs Inc., the Guarantors party thereto and U.S. Bank Trust Company, National Association, as trustee, including Forms of 6.875% Senior Guaranteed Notes due 2029 and 7.375% Senior Guaranteed Notes due 2033 (filed herewith).
10.1	** Cleveland-Cliffs Inc. 2012 Non-Qualified Deferred Compensation Plan (Amended and Restated effective as of July 24, 2024) (filed herewith).
10.2	Fifth Amendment to Asset-Based Revolving Credit Agreement, dated as of July 31, 2024, among Cleveland-Cliffs Inc., the lenders party thereto from time to time and Bank of America, N.A., as administrative agent (filed herewith).
10.3	Sixth Amendment to Asset-Based Revolving Credit Agreement, dated as of September 13, 2024, among Cleveland-Cliffs Inc., the lenders party thereto from time to time and Bank of America, N.A., as administrative agent (filed herewith).
22	Schedule of the obligated group, including the parent and issuer and the subsidiary guarantors that have guaranteed the obligations under, the 5.875% 2027 Senior Notes, the 7.000% 2027 Senior Notes, the 4.625% 2029 Senior Notes, the 6.750% 2030 Senior Notes, the 4.875% 2031 Senior Notes and the 7.000% 2032 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 November 5, 2024 (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 November 5, 2024 (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 November 5, 2024 (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 November 5, 2024 (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, 2024 formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Statements of Unaudited Condensed Consolidated Financial Position, (ii) the Statements of Unaudited Condensed Consolidated Operations, (iii) the Statements of Unaudited Condensed Consolidated Comprehensive Income (Loss), (iv) the Statements of Unaudited Condensed Consolidated Cash Flows, (v) the Statements of Unaudited Condensed Consolidated Changes in Equity, and (vi) Notes to the Unaudited Condensed Consolidated Financial Statements.
104	The cover page from this Quarterly Report on Form 10-Q, formatted in Inline XBRL and contained in Exhibit 101.

* Certain immaterial schedules and exhibits to this exhibit have been omitted pursuant to the provisions of Item 601(a)(5) of Regulation S-K. A copy of any omitted schedules and exhibits will be furnished to the U.S. Securities and Exchange Commission upon request.

** Indicates management contract or other compensatory arrangement.

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: November 5, 2024