

operational, expenses reported in the Metallics segment will be limited to administrative costs.

	(In Millions)			
	Three Months Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
Adjusted EBITDA ¹				
Mining and Pelletizing	\$ 217.4	\$ 159.6	\$ 875.3	\$ 559.4
Metallics	(0.8)	(0.3)	(3.3)	(0.4)
Corporate/Other	(28.6)	(25.3)	(105.7)	(99.1)
Total Adjusted EBITDA ¹	<u>\$ 188.0</u>	<u>\$ 134.0</u>	<u>\$ 766.3</u>	<u>\$ 459.9</u>

Lourenco Goncalves, Chairman, President and Chief Executive Officer, said: "2018 was another great year for Cleveland-Cliffs. With over \$1.1 billion in net income and a 67% increase in EBITDA year-over-year, we are proud to confirm that our strategy is on track."

11/16/2018

to utilize its deferred tax assets. Consequently, net income from continuing operations for the fourth quarter of 2018 was positively impacted by a \$461 million release of a tax valuation allowance in the United States. In the fourth quarter of 2017, the Company recorded an income tax benefit of \$235 million as a result of the repeal of AMT in the 2017 U.S. income tax reform legislation.

<i>Per Long Ton Information</i>	2019 Outlook Summary
	Mining and Pelletizing
Cost of goods sold and operating expense rate	\$73 - \$78
Less:	
Freight expense rate (A)	\$7
Depreciation, depletion & amortization rate	\$4
Cash cost of goods sold and operating expense rate [Ⓐ]	<u>\$62 - \$67</u>
Sales volume (million long tons)	20.0
Production volume (million long tons)	20.0
<i>(A) Freight has an offsetting amount in revenue and has no impact on sales margin.</i>	

Mining and Pelletizing Outlook (Long Tons)

Based on the assumption that iron ore prices (\$76 per metric ton), steel prices (\$694 per short ton), and pellet premiums (\$67.50 per metric ton) will average for the remainder of 2019 their respective January averages, Cliffs would realize Mining and Pelletizing revenue rates in the range of \$102 ~~to~~

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(In Millions)

	Mining and Pelletizing			
	Three Months Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
Cost of goods sold and operating expenses	\$ (494.3)	\$ (395.7)	\$ (1,522.8)	\$ (1,398.4)
Less:				
Freight and reimbursements	(49.9)	(62.2)	(160.1)	(221.4)