Abbreviation or acronym	Term
GAAP	Accounting principles generally accepted in the United States
GHG	

Abbreviation or acronym	Term
Wabush	Wabush Mines Joint Venture
Wabush Group	Wabush Iron Co. Limited and Wabush Resources Inc., and certain of their affiliates, including Wabush Mines (an unincorporated joint venture of Wabush Iron Co. Limited and Wabush Resources Inc.), Arnaud Railway Company and Wabush Lake Railway Company
WE1 aany_ akericorpratWMi r nca	

finished goods of 0.8 million long tons in transit or stored at the Port of Toledo to service customers, for which revenue had yet to be recognized. As of December 31, 2017, under the previous accounting standard, we had finished goods of 1.5 million long tons stored at ports and customer facilities on the lower Great Lakes to service customers for which revenue had yet to be recognized. Refer to NOTE 1 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES and NOTE 2 - NEW ACCOUNTING STANDARDS for further discussion on revenue recognition.

Mining and Pelletizing Customers

Our Mining and Pelletizing segment revenues primarily are derived from sales of iron ore pellets to the North American integrated steel industry, consisting primarily of three major customers. Generally, we have multi-year supply agreements with our customers. Sales volume under these agreements largely is dependent on customer requirements, and in certain cases, we are the sole supplier of iron ore to the customer. Most agreements contain a base price that is adjusted annually using one or more adjustment factors. Factors that could result in price adjustments under our contracts include changes in the Platts 62% Price, hot-rolled coil steel price, the Atlantic Basin pellet premium, published Platts international indexed freight rates and changes in specified Producer Price Indices, including those for industrial commodities, fuel and steel.

During 2018, 2017 and 2016, we sold 20.6 million, 18.7 million and 18.2 million long tons of iron ore product, respectively, from our share of production from our Mining and Pelletizing segment mines. Refer to *Concentration of Customers* below for additional information regarding our major customers.

Metallics Segment

In June 2017, we announced the planned construction of an HBI production plant in Toledi d ing thos ing o zme u plaolPg gcer

We have worked proactively to develop a comprehene

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EXECUTIVE OFFICERS OF THE REGISTRANT

ExecutiveOfficerof etalsUɜ.AColdingsCorp.,an

Following are the names, ages and positions of the executive officers of the Company as of February 8, 2019. Unless otherwise noted, all positions indicated are or were held with Cleveland-Cliffs Inc.

Name	Age	Position(s) Held
Lourenco Goncalves	61	Chairman, President and Chief Executive Officer (AuĎ 201o – present): and Chairman, President and Chief Metals (may 2006
	ŤÄ	Ŝxecutiveħ icePresident,ChiefOperutingOfficer(̃ anuary2019 – present):ExecutiveħicePresident,E iness a evelopment(April 201d – a ecem1er 2018): and Executive ħicePresident,Eeu1orneIronOre (̃ anuary 201o – ŗ pril 201d)š
	Ť±	Ŝxecutive ħicePresident,U.ɜ .IronOre (̃ anuary 201o – present): and ħice (February 2011 – ̃anuary 201o)š
		Executive ħicePresident, Chief Financial Officer (̃ anuary 201 – present):, re urer(march201’

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We cannot be certain that we have been or will be at all times in complete compliance with such laws, regulations, permits and approvals. If we violate or fail to comply with these laws, regulations, permits or approvals, we could be fined or otherwise sanctioned by regulators. Compliance with the complex and extensive laws and regulations to which we are subject imposes substantial costs, which could increase over time because of increased regulatory oversight, adoption of increasingly stringent environmental standards, and increased demand for remediation services leading to shortages of equipment, supplies and labor, as well as other factors.

Specifically, there are several notable proposed or recently enacted rulemakings or activities to which we would be subject or that would further regulate and/or tax our customers, namely the North American integrated steel producer customers, that may also require us or our customers to reduce or otherwise change operations significantly or incur significant additional costs, depending on their ultimate outcome. [illegible] rules, regulations and policy guidance include, but are not limited to: trade regulations, [illegible] from mining operations. All requirements imposed by an

Customers outside of the U.S. may be subject to pressures and uncertainties that may affect their ability to pay, including trade barriers, exchange controls, and local, economic and political conditions. Downturns in the economy and disruptions in the global financial markets have affected the creditworthiness of our customers from time to time. Some of our customers are highly leveraged. If economic conditions worsen or prolonged global, national or regional economic recession conditions return, it is likely to impact significantly the creditworthiness of our customers and could, in turn, increase the risk we bear on payment default for the credit we provide to our customers and could limit our ability to collect receivables. Failure to receive payment from our customers for products that we have delivered could affect adversely our results of operations, financial condition and liquidity.

Our operating expenses could increase significantly if the price of electrical power, fuel or other energy sources increases.

Our mining operations require significant use of energy. Energy expenses, which make up approximately 20% to 25% in the aggregate of our operating costs in our Mining and Pelletizing locations, are sensitive to changes in electricity prices and fuel prices, including diesel fuel and natural gas prices. Prices for electricity, natural gas and fuel oils can fluctuate widely with availability and demand levels from other users. During periods of peak usage, supplies of energy may be curtailed and we may not be able to purchase them at historical rates. A disruption in the transmission of energy, inadequate energy transmission infrastructure, or the termination of any of our energy supply contracts could interrupt our energy supply and affect adversely our operations. While we have some long-ŭa oi

H Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions of the guidance furnished by us will not materialize or will vary significantly from actual results. Accordingly, our guidance is only an estimate of what management believes is realizable as of the date of release. Actual results will vary from the guidance. Investors should also recognize that the reliability of any forecasted financial data diminishes the further in the future that the data are forecast. In light of the foregoing, investors are urged to put the guidance in context and not to place undue reliance on it.

Any failure to successfully implement our operating strategy or the occurrence of any of the events or circumstances set forth in our Annual Reports on Form 10-K or our Quarterly Reports on Form 10-Q could result in actual operating results being different than the guidance, and such differences may be adverse and material.

We rely on our joint venture partners to meet their payment obligations and we are subject to risks involving the acts or omissions of our joint venture partners.

We co-own and manage one of our four operating Mining and Pelletizing mines with ArcelorMittal and U.S. Steel. We rely on our joint venture partners to make their required capital contributions and to pay for their share of the iron ore produced. One of our Mining and Pelletizing joint venture partners is also our customer. If one or both of our joint venture partners fail to perform their obligations, the remaining joint venture partners7è ïa sng

large capital expenditures that could have a negative effect on our profitability and cash flows. Our business interruption insurance would not cover all of the lost revenues associated with equipment failures. Longer-term business disruptions could result in a loss of customers, which adversely could affect our future sales levels and, therefore, our profitability.

Regarding the impact of unexpected events happening to our suppliers, many of our mines are dependent on one source for electric power and for natural gas. A significant interruption in service from our energy suppliers due to terrorism or sabotage, weather conditions, natural disasters, or any other cause can result in substantial losses that may not be fully recoverable, either from our business interruption insurance or responsible third parties.

V. DEVELOPMENT AND SUSTAINABILITY RISKS

The cost and time to implement a strategic capital project may prove to be greater than originally anticipated.

We underta[illegible]

could affect adversely our ability to mine any associated reserves. In addition, from time to time the rights of third parties for competing uses of adjacent, overlying, or underlying lands such as for roads, easement¾l

Our HBI project will require the commitment of substantial resources. Any unanticipated costs or delays associated with our HBI project could have a material adverse effect on our financial condition or results of operations.

0 Our ongoing efforts with respect to our HBI project require the commitment of substantial capital expenditures. We currently expect to incur capital expenditures through 2020 on the HBI project of approximately $830 million on the development of the HBI production plant in Toledo, Ohio, of which $180 million$ ion$ion tht tph

Our expenditures for post-retirement benefit and pension obligations could be materially higher than we have predicted if our underlying assumptions differ from actual outcomes, there are mine closures, or our joint venture partners fail to perform their obligations that relate to employee pension plans.

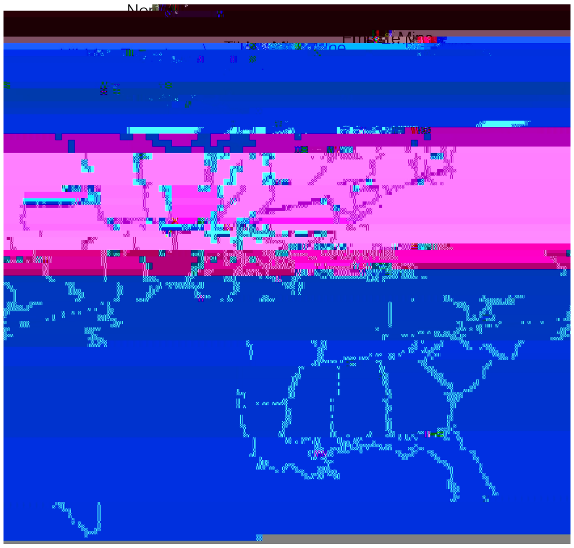
We provide defined benefit pension plans and OPEB to certain eligible union and non-union employees, including our share of expense and funding obligations with respect to our unconsolidated joint venture. Our pension and OPEB expenses and our required contributions to our pension and OPEB plans are affected directly by the value of plan assets, the projected and actual rate of return on plan assets, and the actuarial assumptions we use to measure our defined benefit pension plan obligations, including the rate at which future obligations are discounted.

We cannot predict whether changing market or economic conditions, regulatory changes or other factors will increase our pension and OPEB expenses or our funding obligations, diverting funds we would otherwise apply to other uses.

We have calculated our unfunded pension and OPEB obligations based on a number of assumptions, including our joint venture partners satisfying their funding obligations. If our assumptions do not materialize as expected, cash expenditures and costs that we incur could be materially higher. Moreover, we cannot be certain that regulatory changes will not increase our obligations to provide these or additional benefits. These obligations also may increase substantially in the event of adverse medical cost trends or unexpected rates of early retirement, particularly for bargaining unit retirees.

Item 2. ***Properties***

The following map shows the locations of our operations and offices as of December 31, 2018:



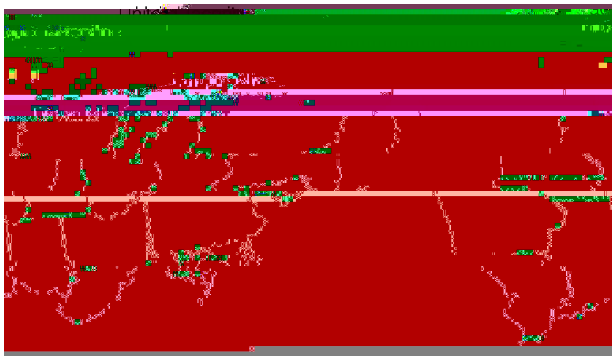
General Information about the Mines

All of our iron ore mining operations are open-pit mines. Additional pit development is underway as required by long-range mine plans. Drilling programs are conducted periodically to collect modeling data and for refining ongoing operations.

Geologic models are developed for all mines to define the major ore and waste rock types. Computerized block models for iron ore are constructed that include all relevant geologic and metallurgical data. These are used to generate grade and tonnage estimates, followed by detailed mine design and life of mine operating schedules.

Mining and Pelletizing

The following map shows the locations of our Mining and Pelletizing segment operations:



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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 al£te ty

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") 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. The following discussion should be read in conjunction with the consolidated financial statements and related notes that appear elsewhere in this document.

Industry Overview

The key driver of our business is demand for steelmaking raw materials from U.S. steelmakers. During 2018, the U.S. produced approximately 87 million metric tons of crude steel, which is up 6% when compared to 2017, or about 5% of total global crude steel production. U.S. total steel capacity utilization was approximately 78% during 2018, which is an approximate 6% increase from 2017. Throughout 2018, global crude steel production increased about 5% compared to 2017, driven by an approximate 7% increase in Chinese crude steel production.

The Platts 62% Price decreased 3% to an average price of $69 per metric ton for the year ended December 31, 2018 compared to 2017. Volatility in the iron ore price impacts our realized revenue rates, but the price of iron ore and our revenue realizations are not fully correlated. Pricing mechanisms in our contracts reference the Platts 62% Price, but our prices are somewhat protected from potential volatility given that it is just one of many inputs used in contract pricing formulas. While iron ore pricing over the past year has remained relatively stable, we recognize that a change in behavior of the major iron ore producers and/or Chinese steelmakers could either lift or put pressure on iron ore prices in the near term. During 2018, the main trend that emerged was the more selective iron ore buying behavior among Chinese mills, which caused significant divergence in pricing for different grades of ores, but kept the Platts 62% Price at its most stable levels since daily pricing was introduced a decade ago. [illegible] on environmentally friendly steelmaking and enhanced productivity (as less efficient mills have been shut down).

The Atlantic Basin pellet premium, another important pricing factor in our contracts, averaged $59 per metric ton for the year ended December 31, [illegible] 2017. We believe the supply-demand dynamics of this market will continue to be favorable for us. [illegible] iron ore pellets is a result of rapi

Income from discontinued operations, net of tax

During the year ended December 31, 2018, we recorded income of $88.2 million within *Income from discontinued operations, net of tax*. For the year ended December 31, 2018, net income attributable to Asia Pacific Iron Ore was $118.3 million. As a result of the liquidation of substantially all of the Australian subsidiaries' net assets, the

Income from discontinued operations, net of tax

For the year ended December 31, 2017, we recorded *Income from discontinued operations, net of tax* of $2.5 million. During 2017, the Wabush Scully Mine was sold as part of the ongoing CCAA proceedings for the Wabush Group, which resulted in a net gain of $31.4 million. The gain was offset by an estimated liability of $55.6 million, which was established based on the probable assertion of a preference claim against the Company and was classified as *Contingent claims* in the Statements of Consolidated Financial Position. Additionally, for the year ended December 31, 2017, we recorded income of $21.2 million within *Income from discontinued operations, net of tax* relating to our Asia Pacific Iron Ore operations.

For the year ended December 31, 2016 we recorded a gain from discontinued operations of $76.7 million, which was attributable to income generated by our Asia Pacific Iron Ore operations of $96.6 million, offset partially by a loss related to our North American Coal and Eastern Canadian Iron Ore operations.

Refer to NOTE 13 - DISCONTINUED OPERATIONS for further information.

Noncontrolling Interest

During 2017, our ownership interest in Empire increased to 100% as we reached an agreement to distribute the noncontrolling interest net assets of $132.7 million to ArcelorMittal, in exchange for its interest in Empire. The agreement had no direct impact on the *Loss (income) attributable to noncontrolling interest* in the Statements of Consolidated Operations. However, for the year ended December 31, 2017, the Empire mine was indefinitely idled resulting in a loss attributable to the noncontrolling interest of $3.9 million. In comparison, during the year ended December 31, 2016, the Empire mine was operating and had income of $25.2 million attributable to the noncontrolling interest.

EBITDA and Adjusted EBITDA

We evaluate performance based on EBITDA and Adjusted EBITDA, which are non-GAAP measures. These measures allow management and investors to focus on our ability to service our debt as well as illustrate how the business is performing. Additionally, EBITDA and Adjusted EBITDA assist management and investors in their analysis and forecasting as these measures approximate the cash flows associated with operational earnings.

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Financing Activities

Net cash used by financing activities was $375.2 million for the year ended December 31, 2018, compared with net cash provided by financing activities of $498.9 million for 2017. Uses of cash from financing activities during 2018 included the redemption of various tranches of unsecured debt. We redeemed in full all of our outstanding $400 million 5.90% 2020 Senior Notes and $500 million 4.80% 2020 Senior Notes and purchased certain other outstanding senior notes. The total aggregate principal amount of debt redeemed and purchased, including premiums, during 2018 was $234.5 million.

Additionally, on November 26, 2018, we announced that our Board of Directors authorized a program to repurchase outstanding common shares in the open market or in privately negotiated transactions, up to a maximum of $200 million. We are not obligated to make any purchase and the program may be suspended or discontinued at any time. During 2018, we repurchased 5.4 million common shares at a cost of approximately $47.5 million in aggregate, including commissions and fees, or an average price of approximately $8.78 per share. As of December 31, 2018, there was approximately $152.7 million remaining under the authorization. The share repurchase program is a

Capital Resources

We expect to fund our business obligations from available cash, current and future operations and existing borrowing arrangements. We also may pursue other funding st7ga i

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 base rate plus the base rate margin depending on the excess availability. As of December 31, 2018, we had no amounts drawn on the ABL Facility.

Supply Concentration Risks

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

Outlook

	2019 Outlook Summary
Per Long Ton Information	**Mining and Pelletizing**
Cost of goods sold and operating expense rate	\$73 - \$78
Less:	
Freight expense rate[1]	\$7
Depreciation, depletion & amortization rate	\$4
Cash cost of goods sold and operating expense rate	\$62 - \$67
Sales volume (million long tons)	20.0
Production volume (million long tons)	20.0

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of environmental remediation obligations, where information concerning the nature and extent of clean-up activities is not immediately available and which are subject to changes in regulatory requirements, result in a significant risk of increase to the obligations as they mature. Expected future expenditures are not discounted to present value unless the amount and timing of the cash disbursements can be reasonably estimated. Potential insurance recoveries are not recognized until realized. Refer to NOTE 11 - ENVIRONMENTAL AND MINE CLOSURE OBLIGATIONS, for further information.

Income Taxes

Our income tax expense, deferred tax assets and liabilities and reserves for unrecognized tax benefits reflect management's best assessment of estimated future taxes to be paid. We are subject to income taxes in the U.S. and various foreign jurisdictions. Significant judgments and u

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Following is a summa

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Following are sensitivities of potential further changes in these key assumptions on the estimated 2019 pension and OPEB expense and the pension and OPEB benefit obligations as of December 31, 2018:

	Increase in Expense (In Millions)		Increase in Benefit Obligation (In Millions)	
	Pension	OPEB	Pension	OPEB
Decrease discount rate 0.25%	$ 1.6	$ 0.2	$ 25.0	$ 6.6
Decrease return on assets 1.00%	$ 6.6	$ 2.4	N/A	N/A

Changes in actuarial assumptions, including discount rates, employee retirement rates, mortality, compensation levels, plan asset investment performance and healthcare costs, are determined based on analyses of actuaC [illegible]

[redacted]

[redacted]

Cleveland-Cliffs Inc. and Subsidiaries

Notes to Consolidated Financial Statements

NOTE 1 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Founded in 1847, Cleveland-Cliffs Inc. is the largest and oldest independent iron ore mining company in the United States. We are a major supplier of iron ore pellets to the North American steel industry from our mines and pellet plants located in Michigan and Minnesota. We are currently constructing an HBI production plant in Toledo, Ohio. We expect to complete construction and begin production in 2020.

In January 2018, we announced that we would accelerate the time frame for the planned closure of our Asia Pacific Iron Ore mining operations in Australia. In April 2018, we committed to a course of action leading to the permanent closure of our Asia Pacific Iron Ore mining operations and, as planned, completed our final shipment in June 2018. Factors considered in this decision included increasingly discounted prices for lower-iron-content ore and the quality of the remaining iron ore reserves.

During 2018, we sold all of the assets of our Asia Pacific Iron Ore business through a series of sales to third parties. As a result of our planned exit, management determined that our Asia Pacific Iron Ore operating segment meW o o t andeed i aran n a inSa WWnd

The following represents the net gain (loss) related to impact of transaction gains and losses from continuing operations resulting from remeasurement:

	(In Millions)		
	2018	2017	2016
Remeasurement of intercompany loans	**$ (0.7)**	$ 16.6	$ (16.6)
Other remeasurement	**(0.2)**	(2.7)	(1.2)
Total	**$ (0.9)**	$ 13.9	$ (17.8)

Earnings Per Share

We present both basic and diluted earnings per share amounts for continuing operations and discontinued operations. Total basic earnings per share amounts are calculated by dividing *Net income attributable to Cliffs shareholders* by the weighted average number of common shares outstanding during the period presented. Total diluted earnings per share amounts are calculated by dividing *Net income attributable to Cliffs shareholders* by the weighted average number of common shares, common share equivalents under stock plans using the treasury-stock method and the calculated common share equivalents in excess of the conversion rate related to our 2025 Convertible Senior Notes using the treasury-stock method. Common share equivalents are excluded from EPS computations in the periods in which they have an anti-dilutive effect.

Holders·

The following table represents the percentage of our total *Revenues from product sales and services* contributed by each category of products and services:

	2018	2017	2016
Revenue O 1 ̈O V Ą , ,Ą	Ą T	e	

We recorded capitalized interest of $6.5 million into construction-in-progress during the year ended December 31, 2018.

The net book value of the land rights and mineral rights is as follows:

	(In Millions)			
	December 31,			
	2018		2017	
Land rights	**$**	**12.4**	$	12.4
Mineral rights:				
Cost	**$**	**537.2**	$	537.2
Depletion		**(126.5)**		(119.1)
Net mineral rights	**$**	**410.7**	$	418.1

We recorded depletion expense of $7.4

any five-consecutive trading day period (the “measurement period”) in which the trading price per $1,000 principal amount of 2025 Convertible Notes for each

Debt Matur

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Private Equity Funds

Private equity funds are alternative investments that represent direct or indirect investments in partnerships, venture funds or a diversified pool of private investment vehicles (fund of funds).

Investment commitments are made in private equity funds based on an asset allocation strategy, and capital calls are made over the life of the funds to fund the commitments. As of December 31, 2018, remaining commitments total $44.2 million for both our pension and OPEB plans. Committed amounts are funded from plan assets when capital calls are made. Investment commitments are not pre-funded in reserve accounts.

Private equity investments are valued quarterly and recorded on a one-quarter lag. For alternative investment values reported on a lag, current market information is reviewed for any material changes in values at the reporting date. Capital distributions for the funds do not occur on a regular frequency. Liquidation of these investments would require sale of the partnership interest.

Structured Credit

Structured credit investments are alternative investments comprised of collateralized debt obligations and other structured credit investments that are

Employee Stock Purchase Plan

On March 26, 2015, upon recommendation by the Compensation Committee, our Board of Directors approved and a, 2sa

Stock os [redacted]

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A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	(In Millions)		
	2018	2017	2016
Unrecognized tax benefits balance as of January 1	**$ 33.5**	$ 30.7	$ 156.2
Increase (decrease) for tax positions in prior years	**0.1**	(2.8)	(61.0)
Increase for tax positions in current year	**3.6**	4.5	0.2
Settlements	**—**	1.0	(64.7)
Lapses in statutes of limitations	**(8.2)**	—	—
Other	**—**	0.1	—
Unrecognized tax benefits balance as of December 31	**$ 29.0**	$ 33.5	$ 30.7

At December 31, 2018 and 2017, we had $29.0 million and $33.5 million, respectively, of unrecognized tax benefits recorded. Of this amoun} W with the eventual closure of the mining operations. We performed a detailed assessment of our asset retirement obligations related to our active mining locations in accordance with our accounting policy, under which we perform an in-depth evaluation of the liability every three years in addition to routine annual assessments. In 2017, we employed a third-party specialist to assist in the triennial in-depth evaluation.

For the assessments performed, we determined the obligations based on detailed estimates adjusted for factors that a market participant would consider (e.g., inflation, overhead and profit) and then discounted the obligation using the current credit-adjusted risk-free interest rate based on the corresponding life of mine. The estimate also incorporates incremental increases in the closure cost estimates and changes in estimates of mine lives. The closure date for each of our active operating mine sites was determined based on the exhaustion date of the remaining iron ore reserves. 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. The amortization of the related asset and accretion of the liability is recognized over the estimated mine lives for our active operations.

The following represents a roll forward of our asset retirement obligation liability for the years ended:

	(In Millions)	
	December 31,	
	2018	2017
Asset retirement obligation at beginning of year	**$ 168.4**	$ 187.8
Accretion expense	**9.5**	13.9
Remediation payments	**(1.0)**	(5.6)
Revision in estimated cash flows	**(4.5)**	(27.7)
Asset retirement obligation at end of year	**$ 172.4**	$ 168.4

For the year ended December 31, 2017, the revision of estimated cash flows relates primarily to updates to our estimates resulting from our three-year in-depth review of our closure obligations for each of our U.S. mines. The primary driver of the decrease in estimated cash flows was the Empire mine, as the mine closure obligation was reduced $26.2 million as a result of the refinement of the cash flows required for reclamation, remediation and structural removal. Prior estimates were based on RS Means (a common costing methodology used in the construction and demolition industry) average costing data while the current estimate was compiled using a more detailed cost build-up approach.

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NOTE 19 - COMMITMENTS AND CONTINGENCIES

Purchase Commitments

In 2017, we began to incur capital commitments related to the construction of our HBI production plant in Toledo, Ohio. We expect to spend approximately $830 million on the HBI production plant, exclusive of construction-related contingencies and capitalized interest through 2020. Through December 31, 2018, we have entered into contracts and purchase orders for approximately $580 million of the total capital investment for the HBI production plant, of which a total of approximately $180 million has been expended project-to-date, including deposits. Of the remaining committed capital, expenditures of approximately $425 million and $225 million are expected to be made during 2019 and 2020, respectively.

Contingencies

We are currently the subject of, or party to, various claims and legal proceedings incidental to our operations. If management believes that a loss arising from these matters is probable and can reasonably be estimated, we record the amount of the loss or the minimum estimated liability when the loss is estimated using a range, and no point within the range is more probable than another. As additional information becomes available, [Table of Contents](#)

NOTE 21 - QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The sum of quarterly EPS may not equal EPS for the year due to discrete quarterly calculations.

	(In Millions, Except Per Share Amounts) [1]				
	2018				
	Quarters				
	First	Second	Third	Fourth	Year
Revenues from product sales and services	$ 180.0	$ 714.3	$ 741.8	$ 696.3	

NOTE 22 - SUPPLEMENTARY GUARANTOR INFORMATION

The accompanying condensed consolidating 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.” Certain of our subs sr

[redacted]

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of
Cleveland-Cliffs Inc.

Opinion on the Financial Statements

We have audited the accompanying statements of consolid eĎâ îmonso

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of
Cleveland-Cliffs Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Cleveland-Cliffs Inc. and subsidiaries (the "Company")

Item 9. *Changes in and Disagreements With Accountants on Accounting and Financial Disclosure*

None.

Item 9A. *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.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined under Rule 13a-15(f) promulgated under the Exchange Act.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting b

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***

The information required to be furnished by this Item will be set forth in our definitive proxy statement for the 2019 Annual Meeting of Shareholders (the "Proxy Statement") under the headings "Board Meetings and Committees - Audit Committee", "Code of Business Conduct and Ethics", "Independence and Related Party Transactions", "Information Concerning Director Nominees” and “Section 16(a) Beneficial Ownership Reporting Compliance”, and is incorporated herein by reference and made a part hereof from the Proxy Statement. The information regarding executive officers required by this Item is set forth in *Part I - Item 1. Business* hereof under the heading “Executive Officers of the Registrant”, which information is incorporated herein by reference and made a part hereof.

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Item 11. ***Executive Compensation***

The information required to be furnished by this Item will be set forth in our Proxy Statement undere

4.3	Form of 4.875% Notes due 2021 Fourth Supplemental Indenture between Cliffs Natural Resources Inc. and U.S. Bank National Association, as trustee, dated March 23, 2011, including Form of 4.875% Notes due 2021 (filed as Exhibit 4.1 to Cliffs' Form 8-K on March 23, 2011 and incorporated herein by reference)
4.4	Fifth Supplemental Indenture between Cliffs Natural Resources Inc. and U.S. Bank National Association, as trustee, dated March 31, 2011 (filed as Exhibit 4(b) to Cliffs' Form 10-Q for the period ended June 30, 2011 and incorporated herein by reference)
4.5	Seventh Supplemental Indenture between Cliffs Natural Resources Inc. and U.S. Bank National Association, as trustee, dated May 7, 2013 (as filed as Exhibit 4.1 to Cliffs' Form 10-Q for the period ended June 30, 2013 and incorporated herein by reference)
4.6	Eighth Supplemental Indenture, dated as of December 19, 2017, by and between Cleveland-Cliffs Inc. and U.S. Bank National Association, as trustee, including Form of 1.50% Convertible Senior Notes due 2025 (filed as Exhibit 4.2 to Cliffs' Form 8-K on December 19, 2017 and incorporated herein by reference)
4.7	Indenture, dated as of February 27, 2017, among Cliffs Natural Resources Inc. (n/k/a Cleveland-Cliffs Inc.), the Guarantors party thereto and U.S. Bank National Association, as trustee, including Form of 5.75% Senior Notes due 2025 (filed as Exhibit 4.1 to Cliffs' Form 8-K on August 7, 2017 and incorporated herein by reference)
4.8	First Supplemental Indenture, dated as of August 7, 2017, among Cliffs Natural Resources Inc. (n/k/a Cleveland-Cliffs Inc.), the Guarantors party thereto and U.S. Bank National Association, as trustee, including Form of 5.75% Senior Notes due 2025 (filed as Exhibit 4.2 to Cliffs' Form 8-K filed on August 7, 2017 and incorporated herein by reference)
4.9	Second Supplemental Indenture, dated as of September 29, 2017, among Cliffs Empire II Inc. and Empire Iron Mining Partnership, as additional guarantors, Cleveland-Cliffs Inc., the Guarantors party thereto and U.S. Bank National Association, as trustee (filed as Exhibit 4.11 to Cliffs' Form 10-K for period ended December 31, 2017 and incorporated herein by reference)
4.10	Third Supplemental Indenture, dated as of October 27, 2017, among Cliffs TIOP II, LLC, Marquette Range Coal Service Company and Tilden Mining Company L.C., as additional guarantors thereto, Cleveland-Cliffs Inc., the Guarantors party thereto and U.S. Bank National Association, as trustee (filed as Exhibit 4.12 to Cliffs' Form 10-K for period ended December 31, 2017 and incorporated herein by reference)
4.11	Indenture, dated as of December 19, 2017, by and among Cleveland-Cliffs Inc., the guarantors party thereto and U.S. Bank National Association, as trustee and first lien notes collateral agent, including Form of 4.875% Senior Secured Notes due 2024 (filed as Exhibit 4.1 to Cliffs' Form 8-K filed on December 19, 2017 and incorporated herein by reference)
4.12	Registration Rights Agreement, dated as of February 27, 2017, by and among Cliffs Natural Resources Inc. (n/k/a Cleveland-Cliffs Inc.), the Guarantors party thereto and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of the several initial purchasers (filed as Exhibit 4.2 to Cliffs' Form 10-Q for the period ended March 31, 2017 and incorporated herein by reference)
4.13	Joinder to Registration Rights Agreement, dated as of August 7, 2017, by and among Cliffs Natural Resources Inc. (n/k/a Cleveland-Cliffs Inc.), the Guarantors party thereto and Credit Suisse Securities (USA) LLC, as representative of the several initial purchasers (filed as Exhibit 4.3 to Cliffs' Form 8-K on August 7, 2017 and incorporated herein by reference)
4.14	Form of Common Share Certificate (filed as Exhibit 4.4 to Cliffs' Form 10-Q for the period ended September 30, 2017 and incorporated herein by reference)
	Material contracts
10.1	Amended and Restated Syndicated Facility Agreement, by and among Bank of America, N.A., as Administrative Agent and Australian Security Trustee, the Lenders that are Parties hereto, as the Lenders, Cleveland-Cliffs Inc., as Parent and a Borrower, and the Subsidiaries of Parent Party hereto, as Borrowers, dated as of February 28, 2018 (filed as Exhibit 10.1 to Cliffs' Form 10-Q for the period ended March 31, 2018 and incorporated herein by reference)
10.2	* Form of Change in Control Severance Agreement (covering newly hired officers) (filed as Exhibit 10.4 to Cliffs' Form 8-K/A on September 16, 2014 and incorporated herein by reference)
10.3	* Form of 2016 Change in Control Severance Agreement (filed as Exhibit 10.1 to Cliffs' 10-Q for the period ended September 30, 2016 and incorporated herein by reference)
10.4	* Cleveland-Cliffs Inc. 2012 Non-Qualified Deferred Compensation Plan (effective January 1, 2012) dated November 8, 2011 (filed as Exhibit 10.1 to Cliffs' Form 8-K on November 8, 2011 and incorporated herein by reference)
10.5	* Form of Indemnification Agreement between Cleveland-Cliffs Inc. and Directors (filed as Exhibit 10.5 to Cliffs' Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)
10.6	* Cliffs Natural Resources Inc. Amended and Restated 2014 Nonemployee Directors' Compensation Plan (filed as Exhibit 10.1 to Cliffs' Form 8-K on May 2, 2016 and incorporated herein by reference)

10.24	* Seventh Amendment to Trust Agreement No. 7 between Cliffs Natural Resources Inc. (f/k/a Cleveland-Cliffs Inc) and KeyBank National Association, Trustee, entered into and effective as of July 28, 2014 (filed as Exhibit 10.34 to Cliffs' Form 10-K for the period ended December 31, 2014 and incorporated herein by reference)
10.25	* Trust Agreement No. 10, dated as of November 20, 1996, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee, with respect to the Cleveland-Cliffs Inc Nonemployee Directors' Compensation Plan (filed as Exhibit 10.36 to Cliffs' Form 10-K for the period e [illegible] een

(c) Exhibits listed in Item 15(a)(3) above are incorporated herein by reference.

(d) The schedule listed above in Item 15(a)(1) and (2) is attached as Exhibit 99(a) and incorporated herein by reference.

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If to Cliffs:

200 Public Square - 32nd Floor
Cleveland, Ohio 44114
Attention: Senior Vice President Global Iron Ore Metallic Sales
cc: Group Counsel - Commercial
E-mail: Terrence.mee@cliffsnr.com
Susanne.dickerson@cliffsnr.com

If to AK Steel:

9227 Centre Pointe Drive
West Chester, OH 45069
Attn: Vice President - Engineering, Raw Materials & Energy
E-mail: mo.reed@aksteel.com
cc: Manager Raw Materials Purchasing
E-mail: alexander.vincze@akstell.com

provided, however, that any party may change the address to which notices or ή

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AK Steel obligations under this Agreement relating to the particular facility or facilities sold or transferred. This Section 17(b) is not intended (i) to impose and shall not be deemed to impose upon any such Transferee any obligation with respect to any pellet requirements such Transferee may have for any facility or facilities such Transferee owns or operates other than AK Steel , nor (ii) to allow such Transferee to substitute any other pellet tonnage available from any other pellet purchase or pellet equity commitment of such Transferee in order to satisfy the assumed obligations under this Agreement.

(c) AK Steel shall not assign its rights or delegate its obligations under this Agreement except as provided in Section 17(a) or 17(b).

(d) Cliffs shall not merge, consolidate or reorganize with any person, partnership, corporation or other entity unless the surviving or resulting person, partnership, corporation or other entity assumes in writing all of Cliffs’ obligations under this Agreement. Cliffs shall not sell or transfer all or substantially all of its iron ore business to any other person, partnership, corporation, joint venture or other entity (“Cliffs Transferee”) unless

(c) The judgment of the arbitrators shall be final and binding on the parties, and judgment upon the award rendered by the arbitrators may be entered and enforced by any court of the United States or any state thereof. The arbitrators shall render their final decision within nine (9) months of the filing of the arbitration demand.

Section 22. - Representations and Warranties.

(a) AK Steel represents and warrants to Cliffs that (i) the execution and delivery of this Agreement by AK Steel and the performance of its obligations hereunder have been duly authorized by all requisite corporate action, (ii) neither the execution and delivery of this Agreement, nor the performance of its obligations hereunder by AK Steel shall, or after the lapse of time or giving of notice shall, conflict with, violate or result in a breach of, or constitute a default under any certificate of incorporation or bylaws of AK Steel or any law, statute, rule or regulation applicable to it, or conflict with, violate or result in a breach of or constitute a default under the material agreement to which it is a party or by which it or any of its properties is bound, or any judgment, order, award or decree to which AK Steel is a party or by which it is bound, or require any approval, consent, authorization or other action by any court, governmental authority or regulatory body or any creditor of AK Steel or any other person or entity, and (iii) this Agreement constitutes a valid and binding obligation of AK Steel and is enforceable against AK Steel in accordance with its terms.

(b) Cliffs represents and warrants to AK Steel that: (i) the execution and delivery of this A´i `fwmeṅanA´i ` l i ' valid aion f its

Exhibit 21

SIGNIFICANT SUBSIDIARIES
CLEVELAND-CLIFFS INC. AS OF DECEMBER 31, 2018

Name	Cliffs' Effective Ownership	Place of Incorporation
Cliffs Mining Company	100%	Delaware, USA
Cliffs Minnesota Mining Company	100%	Delaware, USA
Cliffs TIOP Holding, LLC	100%	Delaware, USA
Cliffs TIOP, Inc.	100%	Michigan, USA
Cliffs UTAC Holding LLC	100%	Delaware, USA
The Cleveland-Cliffs Iron Company	100%	Ohio, USA
Northshore Mining Company	100%	Michigan, USA

Exhibit 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in:

Registration Statement No. 333-215980 on Form S-3 pertaining to the registration of an indeterminate number of common shares, preferred stock, depositary shares, warrants and subscription rights as well as an indeterminate amount of debt securities that may from time to time be issued at indeterminate prices;

Registration Statement No. 333-56661 on Form S-8 (as amended by Post-Effective Amendment No.1) pertaining to the Northshore Mining Company and Silver Bay Power Company Retirement Savings Plan and the related prospectus;

Registration Statement No. 333-184620 on Form S-8 pertaining to the Cliffs Natural Resources Inc. 2012 Incentive Equity Plan;

Registration Statement No. 333-197687 on Form S-8 pertaining to the Cliffs Natural Resources Inc. Amended and Restated 2012 Incentive Equity Plan;

Registration Statement No. 333-197688 on Form S-8 pertaining to the Cliffs Natural Resources Inc. 2014 Nonemployee Directors' Compensation Plan;

Registration Statement No. 333-204369 on Form S-8 pertaining to the Cliffs Natural Resources Inc. 2015 Equity and Incentive Compensation Plan;

Registration Statement No. 333-206487 on Form S-8 pertaining to the Cliffs Natural Resources Inc. 2015 Employee Stock Purchase Plan;

Registration Statement No. 333-210954 on Form S-8 pertaining to the Cliffs Natural Resources Inc. Amended and Restated 2014 Nonemployee Directors' Compensation Plan; and

Registration Statement No. 333-217506 on Form S-8 pertaining to the Cliffs Natural Resources Inc. Amended and Restated 2015 Equity and Incentive Compensation Plan.

of our reports dated February 8, 2019, relating to the consolidated financial statements and financial statement schedule of Cleveland

F 8, 2019

Exhibit 32.1

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

In connection with the Annual Report of Cleveland-Cliffs Inc. (the “Company”) on Form 10-K for the period ended December 31, 2018, as filed with the

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, 1

Year Ended December 31, 2018

(a)

Tilden / 2000422 Iron Ore

Mine Name/ MSHA ID No.

Iron Ore