

UNITED STATES SECURITIES AND EXCHANGE COMMISSSE



Item 8.01. Other Events.

On December 9, 2020, pursuant to the terms of that certain Transaction Agreement, dated as of September 28, 2020 (the "AM USA Transaction Agreement"), by and between ArcelorMittal S.A. ("ArcelorMittal") and Cleveland-Cliffs Inc. ("Cliffs"), Cliffs purchased substantially all of the operations of ArcelorMittal USA LLC from ArcelorMittal (the "AM USA Transaction"). In connection with the closing of the AM USA Transaction, as contemplated by the terms of the AM USA Transaction Agreement, ArcelorMittal's former joint venture partner in I/N Kote L.P. (n/k/a Cleveland-Cliffs Kote L.P.) ("Kote") and I/N Tek L.P. (n/k/a Cleveland-Cliffs Tek L.P.) ("Tek") exercised its put right pursuant to the terms of the Kote and Tek joint venture agreements. As a result, Cliffs purchased all of such joint venture partner's interests in Kote and Tek. Following the closing of the AM USA Transaction, Cliffs owns 100% of the interests in Kote and Tek.

This Current Report on Form 8-K includes as Exhibit 99.1 the unaudited pro forma consolidated statement of operations of Cliffs for the year ended December 31, 2020, which gives effect to the AM USA Transaction as if it had occurred on January 1, 2020.



SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused^{3/4} 4 3/4



UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
Year Ended December 31, 2020
(In Millions, Except Per Share Amounts)

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Notes to Unaudited Pro Forma Condensed Combined Statement of Operations
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Note 1: Description of transactions

On December 9, 2020, pursuant to the terms of the Transaction Agreement, dated as of September 28, 2020 (the "Transaction Agreement"), by and between the Company and ArcelorMittal S.A., an entity formed under Luxembourg law, ArcelorMittal S.A. sold substantially all of the operations of ArcelorMittal S.A.'s former wholly-owned subsidiary ArcelorMittal USA LLC, a Delaware limited liability company, and its subsidiaries and certain affiliates ("ArcelorMittal USA") to the Company. In connection with the closing of



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Notes to Unaudited Pro Forma Condensed Combined Statement of Operations
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—Represents impact of amortization expense of \$2 million million for the year ended December 31, 2020 on the fair value of the definite lived intangible assets recognized as part of acquisition accounting. Amortization expense for intangible assets is calculated using the straight-line method.

Merger: —Represents adjustments to reflect the planned refinancing of AK Steel's historical debt in connection with the AK Steel

	Year Ended December 31, 2020	
Elimination of AK Steel's historical debt issuance costs and original issue discounts	\$	2
Decreased (increase) interest expense from the planned debt refinancing		(29)
Total transaction accounting adjustments	\$	(27)

A 0.125% increase in anticipated interest rates is not expected to have a material impact on pro forma interest expense.

—The \$1 million credit relates to non-service pension benefit costs for the year ended December 31, 2020. These adjustments reflect the elimination of prior service cost/credit and actuarial gain/loss amortization, and the net impact of the estimated rereasurement of the liability on interest costs and expected return on plan assets to conform to Cliffs' accounting policy.

—Represents adjustments to reflect the following: i) income tax expense on Historical AK Steel Holding Corporation (Pre-AK Steel Merger Period)—, attributable to AK Steel stockholders, at a statutory rate of 24.3% to remove the historical impact of the valuation allowance and ii) income tax impact of transaction accounting adjustments that affect at a statutory rate of 24.3%.

The Elimination adjustments to represent the income tax impact of eliminations that affect at a statutory rate of 24.3%.

—Reflects the pro forma issuance of 126.8 million Cliffs common shares issued upon closing of the AK Steel Merger as if the AK Steel Merger took place on January 1, 2020.

—Reflects the pro forma issuance of 126.8 million Cliffs common shares issued upon closing of the AK Steel Merger as if the AK Steel Merger took place on January 1, 2020. Additionally, includes the potential issuance of 1.1 million Cliffs common shares under equity awards converted in accordance with the AK Steel Merger Agreement as if the AK Steel Merger took place on January 1, 2020, if not anti-dilutive. In connection with the AK Steel Merger, unvested awards held by certain AK Steel employees were converted to Cliffs awards with respect to a number of Cliffs common shares determined by the exchange ratio.

Note 7: AM USA, I/N Kote and I/N Tek Adjustments to Unaudited Pro Forma Condensed Combined Statements of Operations

—Represents elimination of revenues earned by Cliffs on sales to AM USA, substrate sales by AM USA to I/N Kote, and tolling revenue earned by I/N Kote and I/N Tek on tolling completed for AM USA that would be considered intercompany transactions and will be eliminated in the consolidated financial statements of the combined company following completion of the AM USA Transaction. Revenue eliminated for the year ended December 31, 2020 was \$1,187 million.

- Represents adjustments comprised of the following:

	Year Ended December 31, 2020	
Depreciation of property, plant and equipment (i)	\$	169
Depletion of mineral reserves (ii)		(26)
Incremental Hibbing idle costs (iii)		(8)
Amortization of fair value step up of inventory (iv)		(267)
Total transaction accounting adjustments	\$	<u>(132)</u>
Elimination of costs related to intercompany revenue (v)	\$	1,187

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