



March 10, 2021

To: USW-Represented Employees of Cleveland-Cliffs Steel LLC

Subject: Fourth Quarter, 2020 Profit Sharing Results

Cleveland-Cliffs Steel LLC Flat Carbon reported a Lost Time Injury (LTI) rate of 0.39 for the fourth quarter which was a significant improvement over the third quarter LTI rate of 0.81. The overall 2020 LTI rate of 0.57 improved by 27% as compared to the 2019 overall LTI rate of 0.78. Tragically, we experienced two fatalities in 2020. Cleveland-Cliffs Steelton LLC finished the fourth quarter with excellent safety performance without experiencing an LTI. Going forward, we must continue to keep safety first in all of our work activities and practice shared vigilance at all times.

Lower sales volume as well as lower overall sales pricing on a constant mix basis as compared to the business plan resulted in a fourth quarter unaudited EBIT of \$(245,034,761.37), resulting in no profit sharing for the fourth quarter.

Profit sharing calculations for the fourth quarter, 2020 are shown below.

Profit Sharing: Fourth Quarter, 2020

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The 9/1/2018 USW agreement provides for a profit-sharing pool of 7.5% of the company's profits, defined as Earnings Before Interest and Taxes (EBIT). There is no threshold of profitability per ton.

The company reported an unaudited Adjusted EBIT	\$ (245,034,761.37)
Profit Sharing Pool: $(\$245,034,761.37) \times 7.5\%$	\$ (18,377,607.10)
Eligible hours worked during Q4	5,463,382.88 hours
Profit sharing per hour: $(\$18,377,607.10) / 5,463,382.88 \text{ hours}$	\$0.00 per eligible hour

*Payout is based on a maximum of 48 eligible hours per week.

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