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Each of Cliffs and AK Steel will hold a special meeting of its shareholders or stockholders, as applicable, to consider certain matters relating to the proposed Merger, as well as certain other matters. Cliffs and AK Steel cannot complete the proposed Merger unless, among other things, Cliffs shareholders approve the Merger Agreement and the transactions contemplated by the Merger Agreement, including the issuance of Cliffs common shares in connection with the Merger, and AK Steel stockholders adopt the Merger Agreement.

Your vote is very important. To ensure your representation at your company's special meeting, please complete and return the enclosed proxy card or submit your proxy via the Internet or by telephone. Please vote promptly whether or not you expect to attend your company's special meeting. Submitting a proxy now will not prevent you from being able to vote in person at your company's special meeting if you are otherwise eligible to vote at such meeting.

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Your vote is important. Approval of the AK Steel merger proposal by the AK Steel stockholders is b

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QUESTIONS AND ANSWERS

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETINGS

The following are answers to certain questions that you may have regarding the Merger and the Cliffs and AK Steel special meetings. Cliffs and AK Steel

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AK Steel. AK Steel stockholders will be asked to:

- consider and vote on a proposal to adopt the Merger Agreement, which is referred to as the AK Steel merger proposal;
- consider and vote on a proposal to approve, by a non-binding, advisory vote, certain compensation that may be paid or become payable to AK Steel's named executive officers that is based on or

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to receive 0.4y it0 ti ~~edi~~

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If you are a beneficial owner of AK Steel common stock but stock but

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Q: What should I do if I receive more than one set of voting materials?

A: You may receive more than one set of voting materials relating to the Cliffs special meeting or the AK Steel special meeting if you hold Cliffs common shares or shares of AK Steel common stock in “street name” and also directly in your name as a shareholder or stockholder of record or otherwise or if you hold Cliffs common shares or shares of AK Steel common stock in more than one brokerage account. You may also receive more than one set of materials if you hold shares of both Cliffs and AK Steel.

Dirm

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determining to approve the Merger Agreement and

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Q: I am an AK Steel stockholder. How do I exchange my shares of AK Steel common stock for the merger consideration? Should I send in my AK Steel stock certifi

SUMMARY

This summary highlights selected information included in this document and e r i m f d § s Y

effecting the Merger and to date has undertaken no activities other than those incident to its formation and the matters contemplated by the Merger Agreement in connection with the Merger.

The Merger and the Merger Agreement

The terms and conditions of the Merger are contained in the Merger Agreement, which is attached to this document as Annex A and is incorporated by reference herein in its entirety. Cliffs and AK Steel encourage you to read the Merger Agreement carefully, as it is the legal document that governs the Merger.

The Cliffs board and the AK Steel board have each unanimously approved the Merger Agreement. The Merger Agreement provides for Cliffs' acquisition of AK Steel through the merger of Merger Sub with and into AK Steel, with AK Steel continuing as the surviving corporation in the Merger and as a direct, wholly owned subsidiary of Cliffs.

Subject to the terms and conditions set forth in the Merger Agreement, upon consummation of the Merger, each share of AK Steel common stock issued and outstandi

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Opinion of Goldman Sachs, AK Steel's financial advisor

At a meeting of the AK Steel board held on De d b41)Pd

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Approval of the C

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at the AK S

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temporary preliminary injunction that is not effect and restrains, enjoins or otherwise prohibits completion of the ...

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At any time prior to (but not after) the time that the Cliffs merger proposal has been approved by Cliffs shareholders or the AK Steel merger proposal has been approved by AK Steel stockholders, a a

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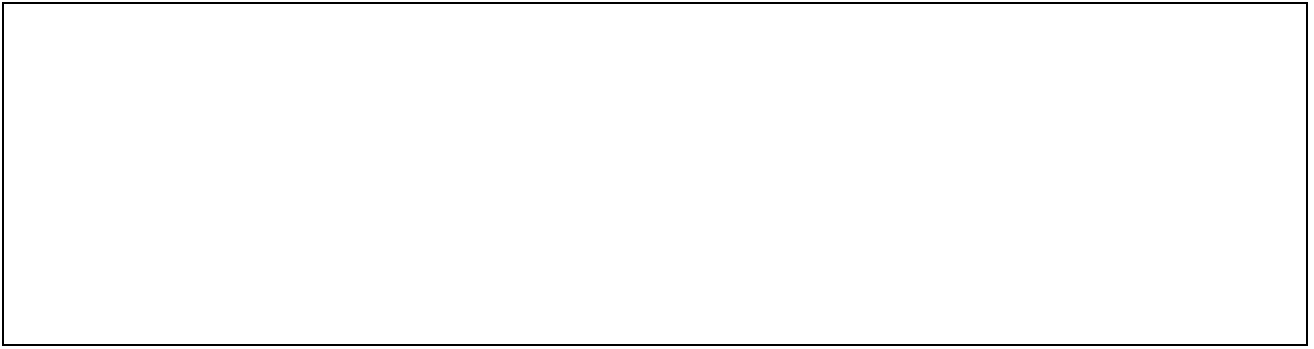
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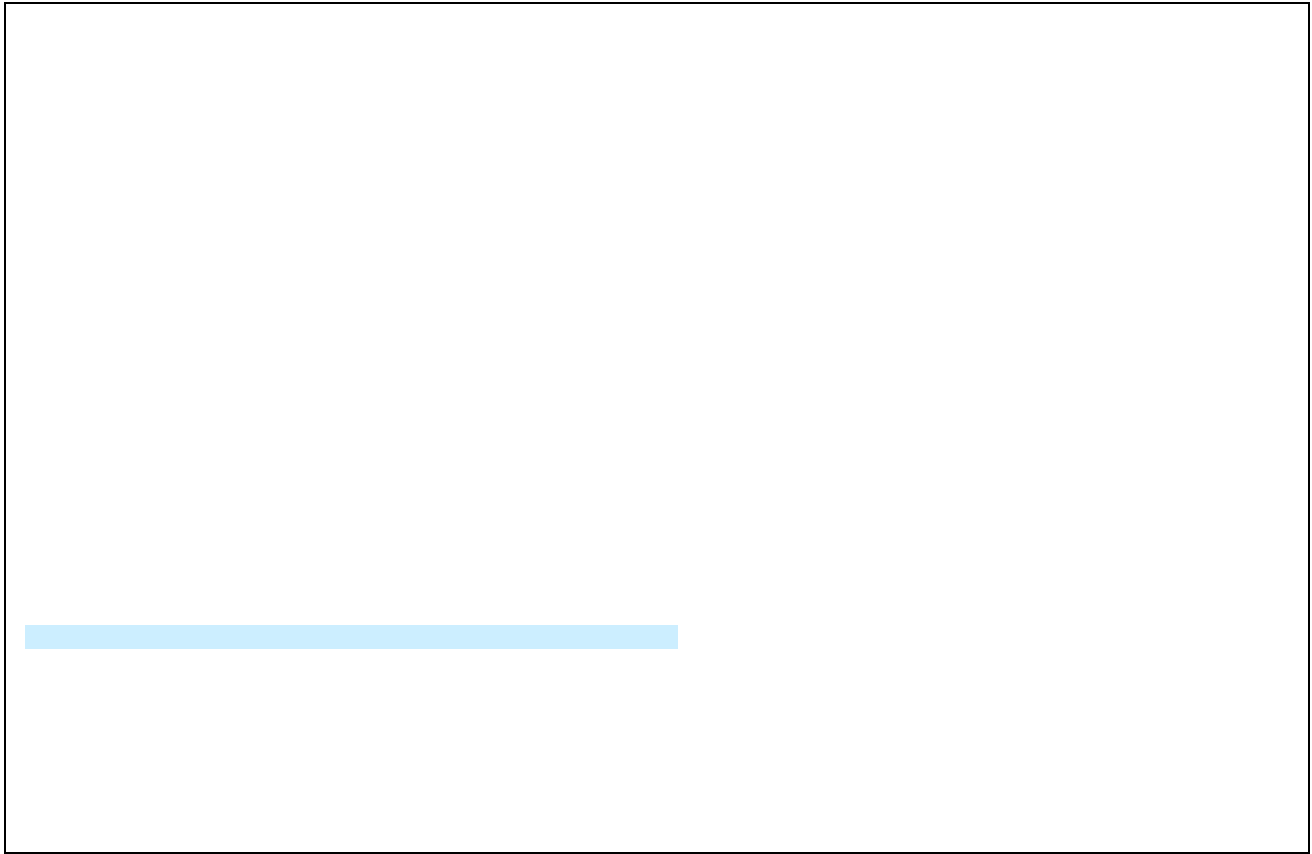
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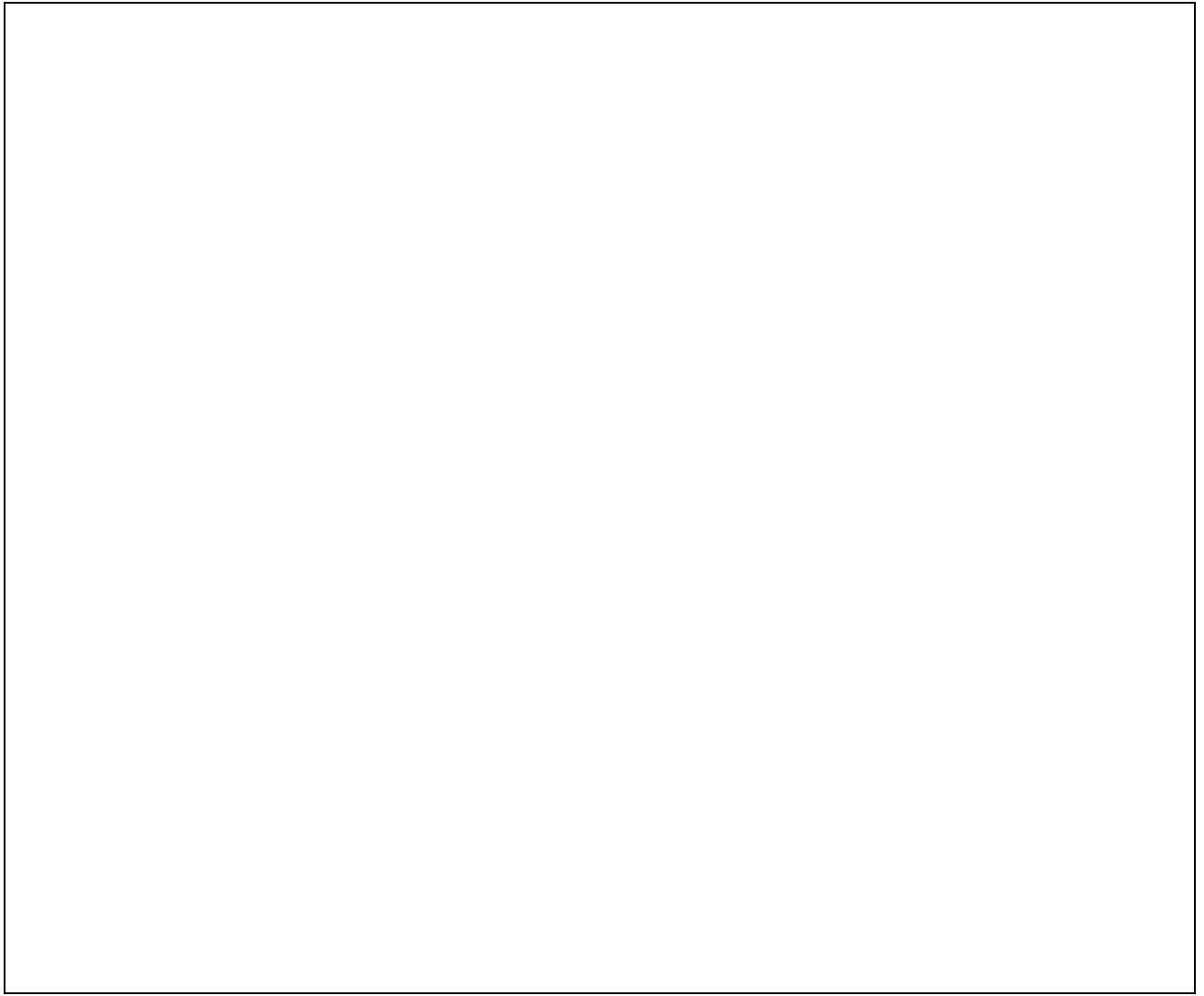


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Such conditions or changes and the process of o

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position or results of oC

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Even if Cliffs and AK Steel complete the Merger, Cliffs may fail to realize all of the anticipated benefits of the proposed Merger.

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If you are a b e a b e Ps ad b^s ab^q d^a

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materials were forwarded to you by that organization

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Voting by Participants in AK Steel Thrift Plans

If you hold shar

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executable transaction that would generate meaningful value for AK Steel stockholders that had not already been considered or pursued by AK Steel.

As part of AK Steel's continued evaluation of strategic alternatives, in November 2018 members of AK Steel management commenced discussions with a North American steel producer, which is referred to as Company A, with respect to a potential "merger of equals" transaction involving AK Steel

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Steel board's view that Goldman Sac

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November 5, 2019, Cliffs and AK Steel each provided the other party and their respective advisors with access to an electronic data room containing certain non-public information regarding such company. On November 8, 2019, Cliffs provided AK Steel the preliminary Cliffs unaudited forecasted financial information and AK Steel provided Cliffs certain preliminary forecasted information regarding AK Steel.

On November 8, 2019, members of management of Cliffs and AK Steel, as well as representatives of We Y

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Cliffs board reviewed and discussed Cliffs' five-year business plan. Follow -y

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During a follow-up call on the morning of November 22, 2019, Messrs. Newport and Goncalves discussed the AK Steel board's desire to include a cash component in the consideration or a collar on the exchange ratio as well as the anticipated timing for Cliffs' delivery of a revised proposal to acquire AK Steel.

During the afternoon of

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Weil and Goldman Sachs as well as members of AK Steel management were also in atteP

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Moelis' opinion wast

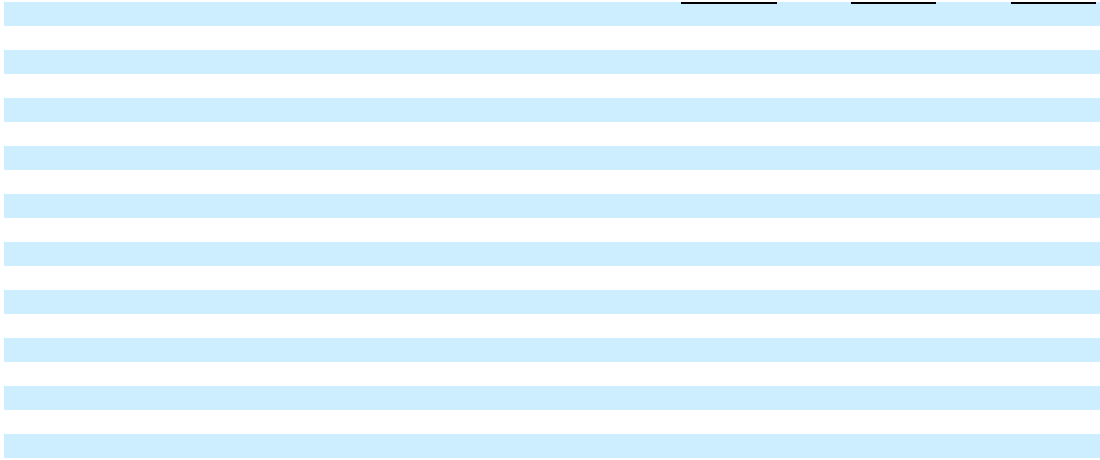
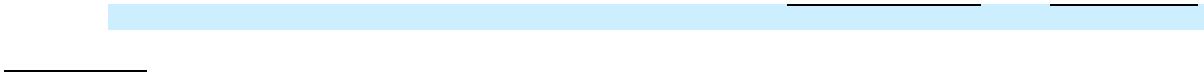


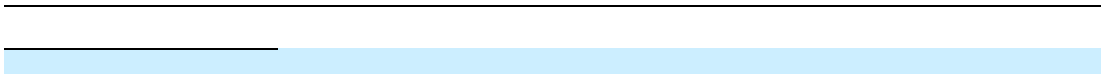
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to be generated by Cliffs and AK Steel and an estimate of the present value of the terminal value of each of Cliffs and AK Steel. For purposes of the DCF analysis, Moelis treated estimates for stock-based compensation as a cash expense.

Cliffs

Moelis calculated Cliffs' unlevered free cash flow





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Interests of AK Steel Directors and Executive Offi

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- annual reports to stockholders and Annual Reports on Form 10-K of AK Steel and Cliffs for the five years ended December 31, 2018;
4 Cliffs f 4 Ũ ~ 6

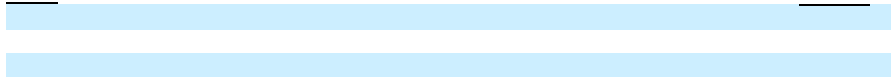
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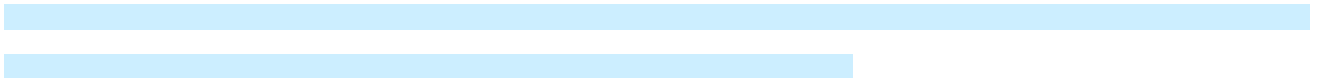
The results of these calculations are as follows:

<u>Ratio</u>	<u>Implied Premium / (Discount) Represented by the Exchange Ratio of 0.400</u>
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metrics for the United States financial markets generally. The range of terminal year multiples was estimated by Goldman Sachs utilizing its professional





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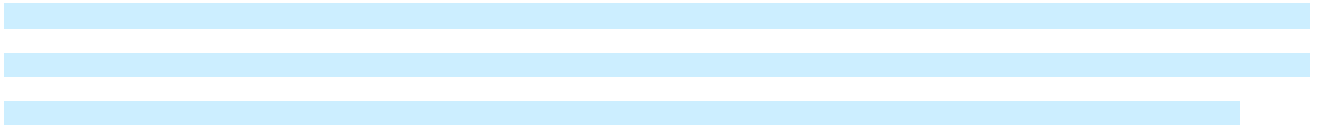


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- the secu

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- a lump sum payment based upon the executive's awards under AK Steel's Long-Term Performance Plan, which is referred to as the Long-Term Plan (which was replaced by the long-term portion of the OMIP for performance periods beginning in 2018), equal to the bonus payment for any completed performance period under the Long-Term Plan or long-term portion of the OMIP, as applicable, that has not been paid as of the date of termination (which amount shall not be less than it would be if calculated at the assigned target amount under the Long-Term Plan or long-term portion of the OMIP, as applicable), plus a prorated Long-Term Plan or long-term OMIP payment, as applicable, not to exceed OMIP 1

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If any payment or benefit provided under an executive's CIC Agreement or otherwise would be subject to excise tax under Section 4999 of the Code, then the payments under the executive's CIC Agreement shall not exceed the amount necessary to maximize the amount of the executive's net worth.

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(subject to certain exceptions as described in the CIC Agreements), for 24 months following termination. Such values were calculated based on the current premium rates, employee contribution amounts and the type of enrollment in effect for calendar year 2020. Such benefits are double-trigger and are provided for qualifying terminations that occur within 24 months after the closing of the Mergerhs af

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At the effe

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- - any litigation, claim or proceeding arising from allegations of a breach of fiduciary duty or other violation of applicable law relating to the Merger Agreement and the transactions contemplated thereby; and

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In addition, AK Steel has agreed, subject to certain exceptions set forth in the Merger Agreement and the disclosure letter it delivered to Cliffs in connection to Cliffs' merger agreement and related matters, to provide the following information:

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- ~~other than in the ordinary course of business~~ amend, modify, terminate or waive any material right under certain types of AK Steel's material contracts identified in the Merger Agreement or, subject to the

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- target annual cash bonus opportunities and target quarterly and target long-term incentive compensation opportunities that are no less employee benefits that are substantially similar in the aggregate to those provided to the company

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Cliffs will, or will cause the surviving corporation or their applicable subsidiaries to, recognize and honor each company employee's vacation accrued but unused through the effective time of the Merger, and company employees will be permitted to use their accrued vacation in a manner consistent with the policies applicable to such company employees as of immediately prior to the effective time of the Merger.

AK Steel has agreed to terminate certain AK Steel benefit plans if requested in writing by Cliffs at least 10 business days prior to the effective time of the Merger (or such longer time period necessary to comply with the applicable law).

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temporary, preliminary or permanent) that is in effect and restrains, enjoins or otherwise prohibits completion of the Merger or the other transactions contemplated by the Merger Agreement.

- *Effectiveness of the Registration Statement.* The registration statement on Form S-4 of which this joint proxy statement/prospectus forms a part must have become effective under the Securities Act and must not be the subject of any stop order issued by the SEC suspending its effectiveness.) r r t M Fr

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covenants related to the filing of this joint proxy statement/prospectus and calling the Cliffs special meeting, which together are referred to as a Cliffs meeting breach termination event; t

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Steel special meeting (in the case of an AK Steel stockholder approval termination event) and (iii) within 12 months after sudtin

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The indemnified perso

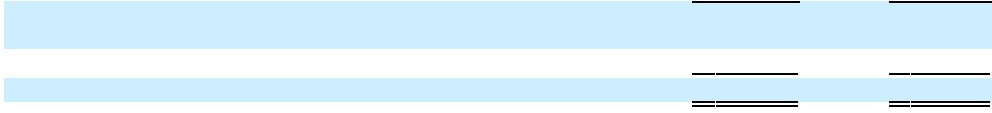
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- persons that are not U.S. holders (such as controlled foreign corporations or passive foreign investment companies); and
- stockholders who acquir

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

Note 1: Description of transaction

On December 2, 2019, Cliffs, Merger Sub and AK Steel entered into a



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COMPARISON OF STOCKHOLDERS' AND SHAREHOLDERS' RIGHTS

This section describes the material differences between the rights of holders of shares of AK Steel common stock. Y

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vote, subject to the rights of any AK Steel Stockholders " Y

Cliffs Shareholders

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AK Steel Stockholders

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A

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AK Steel Stockholders

Cliffs Shareholders

Notice of Meetings of Stockholders and Shareholders

Under AK Steel

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withdrawn and a new Closing Date Notice may be d

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Time theretofore payable with respect to such whole Parent Shares and not paid and (ii) at the appropriate payment date, the dividends or other distributions payable with

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to Parent by the Company prior to or simultaneously with entering into this Agreement (the “Company is llsure e

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time of payment or vein or materia y in reaa t e amo nt of ompensation

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(j) [Takeover Statutes](#). 6ada ts

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(ii) Except

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its Subsidiaries and their respective properties and assets, and, to the Knowledge of the Company, are in character and amount at least equivalent to that carried by Persons engaged in similar businesses and subject tsnd sub ts

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in any risk factor section or in any other section to the extent they are forward-looking statements or cautionary, predicti: rym a

**ARTICLE VI
COVENANTS**

6.1 Interim Operations.

(a) Covenants of the Company. The Company covenants and agrees as to itself and its Subsidiaries that, from the date of this Agreement until the Effective Time (unless Parent shall otherwise approve in writing, such approval not to be unreasonably withheld or delayed)

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employees to replace employees who were employees on the date hereof or to fill open positions as of the date hereof, in either case, with base pay not in excess of \$200,000, (K) promote any employee who is an officer to a position more senior than such employee's position as of the date of this Agreement, on promotion of any officer employee to an officer position (L) terminate the employment of any executive

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(c) Restrictions on Changes of c ~

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in the Merge

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into account any change a

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Company Benefit Plans in which such Company Employee participati

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Financing and any Refinancing

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(b) the adoption of this Agreement

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that after the Requ

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OR OTHERWISE, 1 E

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ability of the Company to perform its obligations under this Agreement or to consummate the Merger and the other transactions contemplated hereby or (y) materially adversely affects the properties, business, conditions (financial or otherwise) or results of operations of the Company and its Subsidiaries taken as a whole, excluding, for purm

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management) have been set aside for the payment

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“Regulation
