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**ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, using a “shelf” registration process or continuous offering process. Under this shelf registration process, the selling securityholders may, from time to time, sell the securities described in this prospectus in one or more offerings. This prospectus provides you with a general description of the securities that may be offered by the selling securityholders. Each time a selling securityholder sells securities, the selling securityholder is required to provide you with this prospectus and, in certain cases, a prospectusur

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## WHERE YOU CAN FIND MORE INFORMATION

### Available Information

We file reports, proxy statements and other information with the SEC. You may obtain copies of this information by mail from the Public Reference Room of the SEC, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, at prescribed rates. Further information on the operation of the SEC's Public Reference Room in Washington, D.C. can be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains an internet site at [www.sec.gov](http://www.sec.gov) that contains reports, proxy statements and other information regarding public companies like us that file SEC reports and other documents electronically. Reports, proxy statements and other information concerning us also may be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005. We also maintain an internet site at [www.cleveland-cliffs.com](http://www.cleveland-cliffs.com) that contains information concerning us and our affiliates. The information at our internet site is not incorporated by reference in this prospectus, and you should not consider it to be a part of this prospectus.

### Incorporation by Reference

We incorporate by reference into this prospectus the following documents that we have filed with the SEC:

- Annual Report on Form 10-K for the fiscal year ended December 31, 2003;
- Quarterly Report on Form 10-Q for the quarter ended March 31, 2004;
- Current Report on Form 8-K filed on January 13, 2004;
- Current Report on Form 8-K filed on January 15, 2004;
- Current Report on Form 8-K filed on January 20, 2004;
- Current Report on Form 8-K filed on January 22, 2004; and
- The "Description of Common Shares" contained in the Current Report on Form 8-K filed on March 2, 2004.

We also are incorporating by reference into this prospectus the documents that we subsequently file with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until this offering is complete. In no event, however, will any of the information that we furnish under Item 9 or Item 12 of any Current Report on Form 8-K that we may from time to time provide to the SEC be incorporated by reference into, or otherwise part of, this prospectus. Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for all purposes to the extent that a statement contained in this prospectus, or in any other subsequently filed document that is also incorporated or deemed to be incorporated by reference, modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

We will provide without charge to each person to whom a copy of this prospectus has been delivered a copy of any and all of these filings. You may request a copy of these filings by writing or telephoning us at:

Cleveland-Cliffs Inc  
Investor Relations  
1100 Superior Avenue  
Cleveland, Ohio 44114-2589  
(216) 694-5459

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The estimated 2004 impact of the other price adjustment factors included in our term supply agreements, including the adjustments based on general industrial inflation rates, cannot be determined at this time; however, additional price increases will be limited by annual collars.

***Weirton Steel Corporation***

On May 19, 2003, Weirton Steel Corporation, or Weirton, filed for protection under chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Northern District of West Virginia. On May 18, 2004, a subsidiary of ISG, or ISG-Weirton, purchased the assets of Weirton for \$253 million. ISG-Weirton, as part of the acquisition of the assets of Weirton, has assumed the existing term supply agreement between Weirton and us with modifications. The agreement with ISG-Weirton continues through 2018. For the first two years, ISG-Weirton will purchase the greater of 67 percent or 1.5 million tons of ISG-Weirton's annual iron ore pellet requirements from us. For years 2006-2018, ISG-Weirton will purchase 100 percent of its annual iron ore pellet requirements from us.

In addition, as a part of the acquisition of the assets of Weirton, ISG-Weirton agreed to purchase the power-generating assets of MABCO Steam Company, LLP, or MABCO. MABCO is a joint venture, of which we are a 40.5 percent participant, that purchased certain steam generation facilities that provide steam power to Weirton. MABCO purchased the steam-generation assets from FW Holdings, Inc., a subsidiary of Weirton, in a purchase-leaseback arrangement prior to Weirton's bankruptcy filing. On February 26, 2004, FW Holdings filed a petition for chapter 11 bankruptcy protection. As a result, FW Holdings did not make its quarterly lease payment due on March 31, 2004, of which our share was \$.5 million. The sale of the MABCO assets to ISG-Weirton required a payment to MABCO on closing (\$4.0 million at our share) and annual payments (\$.2 million at our share) including interest at the rate of five percent for 15 years.

In conjunction with the sale of the assets of Weirton and MABCO to ISG-Weirton, the lawsuit previously initiated by FW Holdings against MABCO was settled, and MABCO and its members and their affiliates, including us, received a release.

***USWA Negotiations***

On June 18, 2004, we reported that we and the United Steel Workers of America, or the USWA, have made progress toward new labor agreements covering the bargaining unit employees at our Empire, Tilden, Hibbing Taconite and United Taconite mines. The current agreements covering those employees are due to expire at midnight on July 31, 2004. While we and the USWA have reached tentative agreement on a number of issues, additional bargaining will be required to resolve the challenging issues which remain, and we may not be able to reach a new agreement before August 1, 2004.

***Kipling Furnace Site***

By letter dated November 19, 1991, the Michigan Department of Natural Resources, now the Michigan Department of Environmental Quality, or the MDEQ, notified us that it believed we were liable for contamination at the Kipling Furnace Site in Kipling, Michigan and requested that we voluntarily undertake actions to remediate the site. We owned and operated a portion of the site from approximately 1902 through 1925 when we sold the property to CITGO Petroleum Company, or CITGO. CITGO in turn operated at the site and thereafter sold the southern portion of the site to a third party. This southern portion of the site was the location of the majority of our former operations. CITGO was working formally with MDEQ to address the portions of the site impacted by CITGO's operations on the property, which occurred between 1925 and 1986. CITGO submitted a remedial action plan in August 2003 to the MDEQ. However, the MDEQ subsequently rejected this remedial action plan as being inadequate.

We responded to the 1991 letter by performing a hydrogeological investigation at the site pursuant to Michigan's Natural Resources and Environmental Protection Act, which allows parties to conduct environmental response activity without state agency oversight. Our initial investigation took place in 1996, with follow up monitoring occurring in 1998 through 2003. We have developed a proposed remedial action plan to address materials associated with our former operations at the site. We currently estimate the cost of

implementing our proposed remedial action to be between \$300,000 and \$350,000. We have not yet implemented the proposed remedial action plan.

By a letter dated June 10, 2004, the MDEQ made a new demand to both CITGO and us to take responsive activities at the property, including development and submittal of a remedial action plan to the MDEQ for approval. We will be meeting with the MDEQ to discuss this letter and are preparing a response. At this time, it is unclear whether the MDEQ, once it is apprised of our responsive activities at the site to date, will require us to conduct further investigations or implement a remedial action plan going beyond what we have already developed internally. Conducting further investigations, revising our proposed remedial action plan or implementing the plan could result in much higher costs than currently anticipated.

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Our principal executive offices are currently located at 1100 Superior Avenue, Cleveland, Ohio 44114-2589, and our telephone number is (216) 694-5459.

**THE OFFERING**

The following is a brief summary of the material terms of the preferred stock and the convertible subordinated debentures. For more information, see the prospectus.





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PORTAL trading of the preferred stock      The preferred stock is currently eligible for trading on the Private Offerings, Resales and Trading through Automated Linkages, or PORTAL, System of the National Association of Securities Dealers, Inc.

NYSE symbol for the common shares      Our common shares are traded on the New York Stock Exchange under the symbol “CLF.”

**Summary of the Terms of the Convertible Subordinated Debentures**

Securities offered      The convertible subordinated debentures will be convertible into shares of our common shares and will have terms and conditions substantially similar to the preferred stock, except as described below.

Principal amount      The aggregate principal amount of the convertible subordinated debentures will be limited to the aggregate liquidation preference of the preferred stock outstanding on the effective date of the exchange. The convertible subordinated debentures will be issued in denominations equal to integral multiples of the liquidation preference of one share of preferred stock.

Ranking      The convertible subordinated debentures will be unsecured obligations of ours and will rank equally with all of our other unsecured subordinated indebtedness.

Subordination      The payment of principal and interest on the convertible subordinated debentures is subordinated in right of payment to the prior payment in full of all of our future senior debt.

Interest      Interest on the convertible subordinated debentures will accrue at an annual rate of 3.25 percent of the principal amount from the dividend payment date of the preferred stock immediately preceding the exchange date or, if the exchange date is a dividend payment date, from the exchange date, and thereafter from the most recent interest payment date. Interest will be payable in cash semi-annually in arrears on January 15 and July 15 of each year. We will not have the right to defer interest payments or to accrete the principal amount of the convertible subordinated debentures.

Maturity      The thirtieth anniversary of the exchange date.

Optional redemption      Our rights to redeem the convertible subordinated debentures will be substantially identical to our rights to redeem the preferred stock.

Conversion      The conversion rights of the convertible subordinated debentures will be substantially identical to the conversion rights of the preferred stock, except that on the date of any conversion upon satisfaction of a trading price condition as described in “Description of Preferred Stock — Conversion Rights — Events Triggering Conversion Rights — Conversion Upon Satisfaction of Trading Condition” that is on or after the twenty-fifth anniversary of the exchange date, holders may not convert their convertible subordinated debentures upon satisfaction of such condition if on any trading day during the relevant measurement period for determin-



## RISK FACTORS

*An investment in the preferred stock, the convertible subordinated debentures that we may issue in exchange for the preferred stock and the common shares issuable upon the conversion of the preferred stock and the convertible subordinated debentures involves risks. You should consider carefully the following risk factors, and the risk factors included in our annual report on Form 10-K for the fiscal year ended December 31, 2003, which is incorporated by reference into this prospectus, in addition to the other information contained in this prospectus before deciding to purchase any shares of the preferred stock, the convertible subordinated debentures or the common shares. If any of the following risks actually occur, we may not be able to conduct our business as currently planned and our revenues and financial condition could be seriously harmed.*

### ***Risks Relating to the Preferred Stock, the Convertible Subordinated Debentures and the Common Shares Issuable Upon Conversion of the Preferred Stock and the Convertible Subordinated Debentures***

**The preferred stock ranks junior to all of our liabilities.**

The preferred stock ranks junior to all of our liabilities.







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The exchange of the preferred stock for the convertible subordinated debentures may be treated as a dividend for U.S. federal income tax purposes or



**If the rate of steel consumption in China slows, the demand for iron ore could decrease.**

Although we do not have significant international sales, the price of iron ore is strongly influenced by international demand. The current growing level of international demand for iron ore and steel is largely due to the rapid industrial growth in China. A large quantity of steel is currently being used in China to build roads, bridges, railroads and factories. If the economic growth rate in China slows, which may be difficult to forecast, less steel will be used in construction and manufacturing, which would decrease demand for iron ore. Additionally, according to the Wall Street Journal, China has begun to tighten its monetary policies in an attempt to curb an excessive credit expansion that has helped to finance high levels of investment. Several economists have opined that China's central bank eventually will be forced to raise interest rates in a bid to slow China's economic expansion. This could adversely impact the world iron ore market, which would impact the North American iron ore market, and could also adversely impact our United Taconite LLC, or United Taconite, joint venture with Laiwu Steel Group Ltd., or Laiwu, of China.

**Our sales, margins and profitability may be significantly affected by the bankruptcy or reorganization of our customers.**

The volatility, fluctuating prices, level of imports and low demand affecting the North American steel industry have severely impacted the ability of many North American steelmakers to generate profits. Many North American steelmakers, particularly large integrated steel producers, have been hampered with significant "legacy" costs, particularly underfunded pension obligations and significant retiree health obligations. Since 1997, approximately 49 North American steelmakers have filed for bankruptcy, reorganization, restructuring or similar protection including Acme Steel Corporation, Algoma Steel Inc., Bethlehem Steel Corporation, Geneva Steel Holdings Corp., Gulf States Steel, LTV Steel Company, National Steel Corporation, Slater Steel Inc. and Wheeling-Pittsburgh Steel Corporation. Since May 2003, four of our North American steel industry customers, WCI Steel Inc., or WCI, Weirton, Rouge Industries, Inc., and Stelco Inc. have petitioned for protection under bankruptcy or other similar laws.

Financially distressed customers may be unable to perform under their agreements with us and, if they file for protection under bankruptcy or other similar laws, they may be able to reject their agreements with us pursuant to the operation of those laws. Such laws may enable a customer under bankruptcy protection to reject its existing term supply agreement with us, which may adversely affect our sales and profitability. In effect, such laws may allow the customer (or a party that might acquire the customer's business through the bankruptcy process) to renegotiate the customer's existing term supply agreement with us or to pursue arrangements with another pellet supplier without penalty.

In June 2004, WCI proposed a chapter 11 plan of reorganization. Also during June 2004, Wilmington Trust Company, as successor indenture trustee for \$300 million principal amount of senior notes of WCI secured by substantially all real property, plant and equipment owned by WCI, together with certain holders of the senior notes, proposed a chapter 11 plan of reorganization, which is a competing plan to the plan proposed by WCI. A hearing before the bankruptcy court on the confirmation of the competing plans is scheduled to commence on July 21, 2004. Accordingly, we cannot determine at this time whether or not one of the competing plans will be confirmed. Moreover, the specific treatment of our claim against WCI and the ongoing supplier relationship between us and WCI has not been resolved at this time. Additionally, we cannot assure that WCI and Stelco will successfully emerge from bankruptcy or restructuring or that they will continue to meet their obligations under their agreements with us. We currently have trade receivable exposure of \$4.9 million to WCI (which was reserved against in the third quarter of 2003). The bankruptcy or reorganization of our largest customers could have a significant impact on our sales, margins and profitability.

**Our ISG shares are subject to lock-up provisions, and we cannot predict the value of those shares if we sell them after those provisions lapse.**

We currently own approximately 5.5 million shares of ISG's common stock (5.0 million owned directly and .5 million through pension fund investments), which represented approximately 5.6 percent of the

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outstanding ISG shares as of March 31, 2004. As of June 29, 2004, the closing trading price for the ISG common stock was \$29.98 per share.

Our ability to sell our ISG shares may be restricted by applicable federal securities laws and the terms of the ISG registration rights agreement, which impose 180-day lock-up periods under some circumstances in the event ISG conducts additional primary or secondary offerings. We cannot assure you that we will sell our ISG shares or that any sale of our ISG shares will result in a gain to us. If we do sell our ISG shares, we may sell only limited quantities of the shares.

### **Our profitability could be negatively affected if we fail to maintain satisfactory labor relations.**

The USWA represents all hourly employees at our Empire, Hibbing, Tilden and United Taconite mines, as well as the Wabush mine in Canada. The collective bargaining agreements for the employees at the Empire, Hibbing, Tilden and United Taconite mines will expire on August 1, 2004, and the collective bargaining agreements for the employees at the Wabush mine expired on March 1, 2004. As noted in "Business — Recent Developments — USWA Negotiations," while we and the USWA have reached tentative agreement on a number of issues, additional bargaining will be required to resolve the challenging issues which remain, and we may not be able to reach a new agreement before August 1, 2004. Hourly employees at the railroads we own that transport products among our facilities are represented by multiple unions with labor agreements that expire at various dates. If the collective bargaining agreements relating to the employees at our mines are not successfully renegotiated in a timely manner, we could face work stoppages or labor strikes.

The workforce at our Northshore mine is currently not represented by a union. If our Northshore operations were to become unionized, we would incur an increased risk of work stoppages, reduced productivity and higher labor costs.

## FORWARD-LOOKING STATEMENTS

This prospectus contains statements that constitute “forward-looking statements.” These forward-looking statements may be identified by the use of predictive, future-tense or forward-looking terminology, such as “believes,” “anticipates,” “expects,” “estimates,” “intends,” “may,” “will” or similar terms. These statements speak only as of the date of this prospectus and we undertake no ongoing obligation, other than that imposed by law, to update these statements. These statements appear in a number of places in this prospectus and include statements regarding our intent, belief or current expectations of our directors or our officers with respect to, among other things:

- trends affecting our financial condition, results of operations or future prospects;
- estimates of our economic iron ore reserves;
- our business and growth strategies; and
- our financing plans and forecasts.

You are cautioned that any such forward-looking statements are not guarantees of future performance and involve significant risks and uncertainties, and that actual results may differ materially from those contained in the forward-looking statements as a result of various factors, some of which are unknown. The factors that could adversely affect our actual results and performance include those described under “Risk Factors” beginning on page 8 of this prospectus and in “Management’s Discussion and Analysis of Financial Conditions and Results of Operations — Risks Relating to the Company” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2003. You are urged to carefully consider these factors. All forward-looking statements attributable to us are expressly qualified in their entirety by the foregoing cautionary statements.

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## Ranking

The preferred stock, with respect to rights to dividends and distributions in the event of a voluntary or involuntary liquidation, dissolution or winding up of our company, ranks:

- junior to all our existing and future debt obligations;
- junior to “senior stock,” which is all of our shares in respect of which the rights of the holders thereof either as to the payment of dividends or as to distributions in the event of our voluntary or involuntary liquidation, dissolution or winding up are given preference over the rights of the holders of Class A Preferred Stock;
- on a parity with “parity stock,” which is all shares of Class B Preferred Stock and all of our other shares in respect of which the rights of the holders thereof (i) are not given preference over the rights of the holders of Class A Preferred Stock either as to the payment of dividends or as to distributions in the event of our voluntary or involuntary liquidation, dissolution or winding up and (ii) either as to the payment of dividends or as to distribution in the event of our voluntary or involuntary liquidation, dissolution or winding up, or as to both, rank on an equality (except as to the amounts fixed therefor) with the rights of the holders of Class A Preferred Stock;
- senior to “junior stock,” which is all of our shares in respect of which the rights of the holders thereof both as to the payment of dividends and as to distributions in the event of our voluntary or involuntary liquidation, dissolution or winding up are junior and subordinate to the rights of the holders of the Class A Preferred Stock, including our common shares; and
- effectively junior to all of our subsidiaries’ (i) existing and future liabilities and (ii) capital stock held by others.

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January 1, April 1, July 1 and October 1 of each year or on a record date that may be fixed by our board of directors and that will be not more than 60 days nor fewer than ten days before the applicable quarterly dividend payment date. Dividends will be cumulative from each quarterly dividend payment date, whether or not we have funds legally available for the payment of those dividends.

Dividends payable on the shares of preferred stock for any period shorter than a full quarterly period will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends on the shares of preferred stock will be payable in cash. Accumulated unpaid dividends will not bear interest.

No dividend may be paid upon or set apart for any shares of preferred stock on any dividend payment date unless (i) all dividends upon all Class A Preferred Stock then outstanding and all classes of senior stock and parity stock then outstanding for all dividend payment dates prior to such date have been paid or funds therefor set apart and (ii) at the same time a like dividend upon all series of Class A Preferred Stock then outstanding and all classes of senior stock and parity stock then outstanding and having a dividend payment date on such date, ratably in proportion to the respective dividend rates of such series or class, is paid or funds therefor set apart.

In no event so long as any preferred stock is outstanding will any dividends, except a dividend payable in common shares or other junior stock, be paid or declared or any distribution be made except as aforesaid on the common shares or other junior stock, nor may any common shares or other junior stock be purchased, retired or otherwise acquired by us (except out of the proceeds of the sale of common shares or other junior stock acquired by us prior to the date on which shares of any series are

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*Events Triggering Conversion Rights*

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Upon determination that







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date the average closing sale price is calculated and the redemption date. In addition, because the number of our common shares that you will receive upon any redemption for shares is based on the average closing sale price for a ten trading day period, the market value of those shares on the date of receipt may be less than the value of those shares based on the average closing sale price.

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A “termination of trading” will be deemed to have occurred if our common shares (or other common shares into which the preferred stock is then convertible) are neither listed for trading on a United States national or regional securities exchange nor approved for quotation on the Nasdaq National Market or any similar United States system of automated dissemination of quotations of securities prices that is a successor thereto.

*Mechanics of Designated Event Purchase Right.* Within 15 calendar days after the occurrence of a designated event, we are obligated to mail to all holders of preferred stock at their addresses shown in the register of the registrar and to beneficial owners as required by applicable law (and issue a press release and publish on our website) our determination of the event.



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designated event purchase price of the preferred stock on the business day following the designated event purchase date, then, immediately after the designated event purchase date:

- the shares of preferred stock will cease to be outstanding;
- dividends will cease to accrue; and
- all other rights of the holder will terminate.

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described above to the holder if we fail to make the filing in the time required or, if such filing is a post-effective amendment to the shelf registration statement required to be declared effective under the Securities Act, if such amendment is not declared effective within 45 days of the filing. Any holder that does not complete and deliver a questionnaire or provide such other information will not be named as a selling securityholder in the prospectus and therefore will not be permitted to sell the preferred stock or common shares issuable upon conversion of the preferred stock pursuant to the shelf registration statement.

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## DESCRIPTION OF THE CONVERTIBLE SUBORDINATED DEBENTURES

The convertible subordinated debentures that the holders of the preferred stock would receive in exchange for their preferred stock if we exercise our exchange right, as described under “Description of Preferred Stock — Exchange Right,” will be a separate series of securities issued pursuant to an indenture substantially in the form of Exhibit A to our amended articles of incorporation between us and a trustee to be selected by us in accordance with the conditions to our exercise of the exchange right as provided under “Description of Preferred Stock — Exchange Right.” We will issue the convertible subordinated debentures in a transaction that is not subject to the registration requirements of the Securities Act.

The following section is a summary of the material provisions of the convertible subordinated debentures and does not restate the form of the indenture in its entirety. We urge you to read the form of the indenture and the form of convertible subordinated debenture attached to it, because those documents, and not this description, define your rights as holders of the convertible subordinated debentures. Copies of the form of the indenture and the form of convertible subordinated debenture are available as set forth under “— Additional Information.”

### General

The convertible subordinated debentures:

- will be unsecured obligations of ours;
  - will be subordinated in right of payment to all of our existing and future senior debt, as described below;
  - will be limited to an aggregate principal amount equal to the aggregate liquidation preference of the preferred stock outstanding on the effective date of the exchange;
  - will be issued in denominations equal to integral multiples of the liquidation preference of one share of preferred stock;
  - will mature on the thirtieth anniversary of the exchange date; and
  - will accrue interest at an annual rate of 3.25% of the principal amount from the dividend payment date of the preferred stock immediately preceding the exchange date ory
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We will also:

- withhold or deduct such applicable taxes as required;
  - remit the full amount of taxes deducted or withheld to the relevant taxing authority in accordance with all applicable laws;
  - use our best efforts to obtain from each relevant taxing authority imposing the applicable taxes certified copies of tax receipts evidencing the payment of any taxes deducted or withheld; and
  - upon request, make available to the holders of the convertible subordinated debentures, within 60 days after the date the payment of any taxes deducted or withheld is due pursuant to applicable law, certified copies of tax receipts evidencing such payment by
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majority in aggregate principal amount of the outstanding convertible subordinated debentures will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or exercising any trust or power conferred on the trustee, with respect to the convertible subordinated debentures.

### **Modification of the Indenture**

*Modification Without Consent of Holders.* We and the trustee may enter into supplemental indentures without the consent of the holders of the convertible subordinated debentures to:

- make provision with respect to the conversion rights of the holders upon the occurrence of a designated event involving the conversion of our common shares or the matters described in “Covenants Restricting Mergers and Other Significant Corporate Actions;”
- secure the convertible subordinated debentures;
- evidence the assumption by a successor corporation of our obligations;
- add covenants for the protection of the holders of the convertible subordinated debentures;
- provide for uncertificated convertible subordinated debentures in addition to or in place of certificated convertible subordinated debentures;
- cure any ambiguity or correct any defect or inconsistency;
- evidence the acceptance of appointment by a successor trustee;
- provide for the issuance of convertible subordinated debentures in certificated form; or
- modify, eliminate or add to provisions of the indenture to the extent necessary to effect the qualification of the indenture under the Trust Indenture Act.

*Modification With Consent of Holders.* We and the trustee, with the consent of the holders of not less than a majority in aggregate principal amount of the convertible subordinated debentures, may add any provisions to, or change in any manner or eliminate any of the provisions of, the indenture or modify in any manner the rights of the holders of the convertible subordinated debentures. In addition, any amendment to, or waiver of, the provisions of the indenture relating to subordination that adversely affects the rights of the holders of the convertible subordinated debentures will require the consent of the holders of at least 75% in aggregate principal amount of the convertible subordinated debentures then outstanding. However, we and the trustee may not make any of the following changes to the convertible subordinated debentures without the consent of each holder that would be affected by such change:

- extend the final maturity of the principal amount;
- reduce the principal amount;
- reduce the rate or extend the time of payment of interest;
- reduce any amount payable on redemption;
- change the currency in which the principal or interest thereon is payable;
- adversely change our obligation to repurchase any convertible subordinated debenture upon a designated event;
- impair the right of a holder to convert any convertible subordinated debenture;
- impair the right of any holder to institute suit for the enforcement of any payment on the convertible subordinated debentures when due; or
- reduce the percentage of the convertible subordinated debentures the consent of whose holders is required for modification of the indenture.





## DESCRIPTION OF OTHER CAPITAL STOCK

The following summary does not purport to be complete, and it is subject in all respects to the applicable provisions of statutory and common law and the amended articles of incorporation and our regulations.

### Common Shares

We are authorized under our amended articles of incorporation to issue 28,000,000 common shares, par value \$1.00 per share. At the close of business on January 31, 2004, there were 10,572,823 common shares outstanding. Common shares issuable upon conversion or redemption of the preferred stock and the convertible subordinated debentures will be validly issued,

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After the moratorium period, the corporation may not consummate a chapter 1704 transaction unless, among other things, it is approved by the affirmative vote of the holders of at least two-thirds of the voting power in the election of directors and the holders of a majority of the voting shares, excluding all shares beneficially owned by an interested shareholder or an affiliate or associate of an interested shareholder, or the shareholders receive certain minimum consideration for their shares. A chapter 1704 transaction includes certain mergers, sales of assets, consolidations, combinations and majority share acquisitions involving an interested shareholder. An interested shareholder is defined to include, with limited exceptions, any person who, together with affiliates and associates, is the -thirds of -oldæclo „,çâ -ed shales d, the corbin alder

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As used herein, the term “U.S. holder” means a beneficial owner of a share of preferred stock, a common share or a convertible subordinated debenture that is for U.S. federal income tax purposes:

- a citizen or resident of the United States and certain former citizens of the U.S.;
- a corporation, or other entity taxed as a corporation, created or organized in or under the laws of the United States or of any political subdivision thereof;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if:
  - a U.S. court is able to exercise primary supervision over the administration of the trust and
  - one or more U.S. persons have the authority to control all substantial decisions of the trust.

A “non-U.S. holder” means a beneficial owner of a share of preferred stock, a common share or a convertible subordinated debenture that is not a U.S. holder.

**This summary of certain material U.S. federal income tax considerations is not tax advice. Investors considering the purchase of our preferred stock are urged to consult their own tax advisors with respect to the application of the U.S. federal income tax laws to their particular situations, as well as any tax consequences arising under the laws pertaining to any other U.S. federal tax other than income tax, the laws of any state, local, or foreign taxing jurisdiction, and any applicable taxation treaty.**

### **U.S. Holders**

#### *Preferred Stock and Common Shares*

*Distributions.* Distributions to a U.S. holder on shares of our preferred stock or common shares will generally be treated as a dividend to the extent payable out of our current or accumulated earnings and profits, determined by U.S. federal income tax principles, as of the end of the tax year of the distribution.

To the extent that a U.S. holder receives a distribution on shares of our preferred stock or common shares that would have constituted a dividend for U.S. federal income tax purposes had it not exceeded our current or accumulated earnings and profits, the distribution will first be treated as a non-taxable return of capital, which reduces the holder’s tax basis in such shares, and thereafter will be treated as capital gain from the sale of such shares.

Under recently enacted tax legislation, eligible dividends received by a non-corporate U.S. holder in tax years beginning on or before December 31, 2008 will be subject to tax at a special reduced rate if, among other requirements, it has held its shares of our stock for more than 60 days during the 120-day period beginning 60 days before the ex-dividend date. Distributions taxable as dividends paid on our preferred stock and common shares will be treated as eligible dividends for these purposes.

Distributions taxable as dividends to corporate U.S. holders of our preferred stock or common shares will generally be eligible for the dividends received deduction in the amount of 70% of the portion of any distribution taxable as a dividend, subject to various statutory limitations. The dividends received deduction may be limited to specified percentages of the U.S. holder’s taxable income and the benefits of such deduction may, in effect, be further reduced or eliminated by several exceptions and restrictions, including those relating to the holding period of stock on which the dividends are received (which holding period is reduced for any period that the U.S. holder’s risk of loss in respect of the stock is reduced), debt-financed portfolio stock, taxpayers that pay alternative minimum tax, and the so-called “extraordinary dividend” provisions of the Code (discussed below). Prospective corporate purchasers of our preferred stock should consult their own tax advisors to determine the extent to which these limitations might apply to them.

No assurance can be given that we will have sufficient earnings and profits for federal income tax purposes to cause all distributions from us to be taxable as dividends. As a result, no assurance can be given that any distribution on our preferred stock or common shares will be treated as a dividend for which the dividends received deduction is available.

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such holder should consult its own tax advisor to determine how the receipt of convertible subordinated debentures would be treated if received in exchange for our preferred stock.

*Other Sales or Dispositions.* Except as set forth above, a U.S. holder who sells or otherwise disposes of our preferred stock or common shares will generally recognize capital gain or loss equal to the difference between the sum of the amount of cash and fair market value of any property received on the sale or other disposition and its tax basis in the shares sold or disposed. This capital gain or loss will be long term if the U.S. holder's holding period for the stock sold or disposed is more than one year. Deductions for capital losses are subject to certain limitations.

#### ***Convertible Subordinated Debentures***

*Classification.* We anticipate that we will take the position that the convertible subordinated debentures will be treated as debt for U.S. federal income tax purposes if and when they are issued. However, because the determination of the tax classification of an instrument depends in part on certain factors (including the issuer's financial condition, earning power, and other factors affecting the likelihood that the principal and interest on the instrument will be paid when due) that cannot be known or predicted with certainty until the convertible subordinated debentures are actually issued, it is impossible at the present time to state with certainty that the convertible subordinated debentures would be treated as debt for U.S. federal income tax purposes. The remainder of this discussion assumes that we will treat the convertible subordinated debentures as indebtedness for U.S. federal income tax purposes and that such treatment will be respected.

*Interest Payments.* Stated interest paid on a convertible subordinated debenture will be taxable to a U.S. holder as ordinary interest income at the time that it accrues or is received in accordance with such holder's method of accounting for U.S. federal income tax purposes.

*Original Issue Discount on Convertible Subordinated Debentures.* If the preferred stock is exchanged for convertible subordinated debentures at a time when the convertible subordinated debenture's issue price is less than the amount payable at maturity on the convertible subordinated debentures (*i.e.*, the fair market value of a share of the preferred stock is less than \$1,000 as of the exchange), then such convertible subordinated debentures will be treated as having been issued with original issue discount, subject to a de minimis threshold. The amount of the original issue discount on a convertible subordinated debenture will generally be considered to be de minimis if it is less than 0.25% of the product of the stated amount payable at maturity, multiplied by the number of complete years from the issue date to maturity (*i.e.*, \$75 per convertible subordinated debenture). The issue price of the convertible subordinated debentures will generally be the fair market value of the exchanged preferred stock if such preferred stock is "publicly traded" within the meaning of the Code and the applicable Treasury Regulations (such as by being listed on a quotation medium). See "Plan of Distribution."

If a convertible subordinated debenture is issued with original issue discount, then an initial U.S. holder includes accrued original issue discount in its gross income as interest generally under the "constant yield method," regardless of such holder's regular method of tax accounting. The U.S. holder will be required to include in its gross income for each taxable year during which it holds the convertible subordinated debenture, even if the holder will not receive the cash payments attributable to such income until a later period, the sum of the daily portions of original issue discount for such taxable year. Original issue discount is calculated under a constant yield to maturity method that generally results in the inclusion of increasingly greater amounts of original issue discount in successive accrual periods.

*Bond Premium on Convertible Subordinated Debentures.* If preferred stock is exchanged by a U.S. holder for convertible subordinated debentures at a time when the issue price of convertible subordinated debentures exceeds the amount payable at the maturity date (*i.e.*, the fair market value of a share of preferred stock exceeds \$1,000) and such U.S. holder makes an election under section 171(c) of the Code or such election is already in effect with respect to such U.S. holder, then such excess will be treated as amortizable bond premium to the extent that the premium is not attributable to the conversion privilege of the convertible subordinated debentures. Such U.S. holder will amortize the bond premium, using a constant yield method, over the remaining term of the convertible subordinated debentures. Such holder may generally use the

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amortizable bond premium allocable to an accrual period to offset interest payments in that accrual period. A U.S. holder that elects to amortize bond premium must reduce its tax basis in its convertible subordinated debentures by the amount of the premium amortized in any year. An election under section 171(c) of the Code is available only if the convertible subordinated debenture is held as a capital asset, is binding once made, and applies to all bonds held by the holder at the beginning of the first taxable year to which this election applies and to all bonds thereafter acquired.

*Redemption of Convertible Subordinated Debentures Solely for Cash or Other Sale or Dispositions.* Upon the sale or redemption by us of a convertible subordinated debenture solely for cash, including pursuant to a U.S. holder's exercise of its right to cause us to repurchase convertible subordinated debenture upon a "designated event" or to our redemption rights, or other sale or disposition of a convertible subordinated debenture for cash or other consideration other than a conversion into common shares, a U.S. holder will recognize gain or loss, measured by the difference between the amount of cash and fair market value of any property received and such holder's adjusted tax basis in its sold or redeemed convertible subordinated debentures. To the extent that the amount received is attributable to accrued interest, such amount will be taxed as ordinary income. The tax basis of a holder who receives convertible subordinated debentures upon their issuance in exchange for preferred stock will be the fair market value of the convertible subordinated debentures at the time of the exchange, increased by any original issue discount previously included in such holder's gross income, and decreased by the amount of any bond premium previously amortized by such holder. Recognized gain or loss generally will be taxable as capital gain or loss and will be long term if the holding period for the convertible subordinated debentures sold or redeemed is more than one year.

*Redemption of Convertible Subordinated Debentures for a Combination of Cash and Common Shares.* If we redeem our convertible subordinated debentures for a combination of cash (other than cash in lieu of a fractional common share) and common shares, including pursuant to a U.S. holder's exercise of its right to cause us to repurchase our convertible subordinated debentures upon a "designated event" or to our redemption rights, a U.S. holder's gain or loss on the redemption will be capital gain or loss if the holding period for the convertible subordinated debentures sold or redeemed is more than one year.



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However, ordinary dividends may be paid to the extent that a portion of the common shares is determined to be in a position to pay dividends. The Board of Directors may also pay dividends to the common shareholders of the Company.



Non-U.S. holders should consult any applicable income tax treaties, which may provide for reduced rates of or an exemption from withholding tax. The particular withholding tax rate that would apply to you depends on your tax status and on the particular tax treaty. Non-U.S. holders and any partners, shareholders, or other beneficiaries of non-U.S. holders may be required to satisfy certification requirements in order to claim a reduction of or exemption from withholding under the applicable income tax treaties.

If you hold your shares of our preferred stock or common shares in connection with a trade or business that you are conducting in the U.S., then any dividends on the shares and any gain from the disposal of the shares generally will be subject to U.S. federal income tax at the net rates generally applicable to U.S. persons. In addition, corporate non-U.S. holders receiving dividend income that is effectively connected with the conduct of a trade or business within the U.S. may be subject to an additional “branch profits” tax on earnings that are connected with its U.S. trade or business, including dividend income. Branch profits tax, if applicable, is imposed at the gross rate of 30%, but may be reduced or eliminated by an applicable income tax treaty.

The rules regarding withholding are complex, are subject to change, and vary depending on your particular situation. We suggest that you consult with your tax advisor



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Distributions.” To the extent that any portion of the common shares is determined to constitute a payment in respect of accrued interest, such interest may be taxable as described in “— Interest.”

*Adjustments of Conversion Price.* Certain adjustments in the conversion price of convertible subordinated debentures made to reflect taxable distributions on common shares may be treated as constructive distributions of stock. See “— U.S. Holders — Preferred Stock and Common Shares — Deemed Distributions,” and may be taxable as described above under “— Preferred Stock and Common Shares — Deemed Distributions.”

*Redemption of Convertible Subordinated Debentures Solely for Cash or Other Sale or Disposition.* A non-U.S. holder generally will not be subject to U.S. federal income tax on gain recognized upon the redemption of our convertible subordinated debentures solely for cash, including pursuant to a non-U.S. holder’s exercise of its right to cause us to repurchase convertible subordinated debentures upon a “designated event” or to our redemption rights, or other sale or disposition of a convertible subordinated debenture for cash or other consideration other than a conversion into common shares, unless:

- the gain is effectively connected with the conduct of a trade or business within the U.S. by the non-U.S. holder;
- in the case of a non-U.S. holder who is a nonresident alien individual and holds its convertible subordinated debentures as a capital asset, such holder is present in the U.S. for 183 or more days in the taxable year and certain other conditions exist; or
- a portion of the gain represents accrued interest or original issue discount, in which case the applicable rules for interest would apply to such portion. See “ — Interest.”

*Redemption of Convertible Subordinated Debentures for a Combination for Cash and Common Shares.* If we redeem our convertible subordinated debentures for a combination of cash (other than cash in lieu of a fractional common share) and common shares, including pursuant to a non-U.S. holder’s exercise of its right to cause us to repurchase our convertible subordinated debentures upon a “designated event” or to our redemption rights, then a non-U.S. holder will generally not recognize loss. Such redemption may result in the realization of gain in an amount equal to the lesser of (i) gain realized (*i.e.*, the excess, if any, of the fair market value of the common shares received upon the redemption plus the amount of cash received, over the holder’s tax basis in the redeemed convertible subordinated debentures) or (ii) the amount of cash received in the redemption. Except as described below, the non-U.S. holder may be taxable on the gain recognized upon such a redemption to the extent described in “— Redemption of Convertible Subordinated Debentures Solely for Cash or Other Sale or Dispositions.”

If the redemption has the effect of a distribution of a dividend, then the gain recognized by a non-U.S. holder upon such redemption will be treated as a dividend taxable to the extent such holder’s ratable share of our undistributed accumulated earnings and profits (including in respect of common shares received by such holder on conversion) under the rules described in “— Preferred Stock and Common Shares — Distributions.” For purposes of determining whether or not a U.S. holder’s gain will be treated as a dividend, any stock owned by such holder, actually and constructively through attribution rules described in the Code, will be taken into account.

*Redemption of Convertible Subordinated Debentures Solely for Common Shares.* If we redeem convertible subordinated debentures solely for common shares (including fractional common shares for which cash is received in lieu thereof), including pursuant to a non-U.S. holder’s exercise of its right to cause us to repurchase convertible subordinated debentures upon a “designated event” or to our redemption rights, then the redemption will generally be treated in the same manner as a dividend when distributed to a non-U.S. holder.

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holding corporation," within the meaning of the Code. Under present law, we would not be a U.S. real property holding corporation, so long as the fair market value of our U.S. real property interests is less than 50% of the fair market value of, the sum of our U.S. real property interests, our interests in non-U.S. real property, and our other assets that are used or held in a trade or business on cert



## SELLING SECURITYHOLDERS

We originally issued the preferred stock on January 21, 2004 in a private placement to Morgan Stanley & Co. Incorporated, whom we refer to as the initial purchaser. The initial purchaser then resold the preferred stock in transactions not requiring registration under the Securities Act or applicable state securities laws to persons the initial purchaser reasonably believed to be “qualified institutional buyers,” as defined in Rule 144A under the Securities Act, in compliance with Rule 144A.

This prospectus, in part, relates to:

- resales of preferred stock; and
- sales of:
  - convertible subordinated debentures issued in exchange for preferred stock; and
  - common shares issued upon conversion of preferred stock or convertible subordinated debentures,

by the selling securityholders as described below under “Plan of Distribution.” The registration statement of which this prospectus forms a part has been filed with the SEC pursuant to the registration rights granted in connection with the original issue of the preferred stock to afford the holders of the preferred stock the opportunity to sell their securities in public transactions rather than pursuant to exemptions from the registration and prospectus delivery requirements of the Securities Act. In order to take advantage of that opportunity, a holder of the preferred stock must provide information about itself and the securities it is selling as required under the Securities Act.

The selling securityholders listed below and the beneficial owners of the preferred stock and their transferees, pledgees, donees or other successors, if not identified in this prospectus then so identified in supplements to this prospectus as required, are the selling securityholders under this prospectus. The following table sets forth information, as of a recent practicable date prior to the effectiveness of the registration statement of which this prospectus forms a part, with respect to the selling securityholders named below and the respective:

- number of shares of preferred stock owned by each selling securityholder;
- principal amount of convertible subordinated debentures issuable in exchange for the preferred stock owned by each selling securityholder; and
- number of shares of common stock issuable upon conversion of the preferred stock or convertible subordinated debentures owned by each selling securityholder,

that may be offered pursuant to this prospectus together with the number of common shares owned by each selling securityholder prior to this offering. This information was supplied to us by the selling securityholders named in the table and may change from time to time. We have not sought to verify the information contained in the table. Because the selling securityholders may offer all or some portion of these securities pursuant to this prospectus, and because we are not currently aware of any agreements, arrangements or understandings with respect to the sale of these securities, we cannot predict the number of shares or principal amount of the securities that will be held by the selling securityholders upon termination of this offering. In addition, some of the selling securityholders may have sold, transferred or otherwise disposed of all or a portion of their securities since the date on which they provided the information about themselves and the securities they were selling in transactions exempt from the registration requirements of the Securities Act. See “Plan of Distribution.”

Unless otherwise disclosed in the footnotes to the table below, no selling securityholder has, or within the past three years has had, any position, office or other material relationship with us or any of our predecessors or affiliates.

Each selling securityholder listed below may, under this prospectus, from time to time offer and sell the number of shares of preferred stock listed below opposite its name or the principal amount of convertible subordinated debentures for which its shares of preferred stock may be exchanged and/or the number of













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- sales through underwriters or dealers who may receive compensation in the form of underwriting discounts, concessions or commissions from the selling securityholders or successors in interest or from the purchase of the shares for whom they may act as agent; and
- a combination of any of the above.

In addition, the securities covered by this prospectus may be sold in private transactions or under Rule 144 rather than under this prospectus. Sales may be made at prices and at terms then prevailing or at prices related to the then current market price or at negotiated prices and terms. In effecting the sales, brokers or dealers may arrange for other brokers or dealers to participate.

Upon being notified by a selling securityholder that any material arrangement has been entered into with an underwriter, broker, dealer or agent regarding the sale of securities covered by this prospectus, a revised prospectus or prospectus supplement, if required, will be distributed which will set forth the aggregate amount and type of securities being offered and the terms of the offering, including the name or names of any underwriters, dealers or agents, any discounts, commissions and other items constituting compensation from the selling securityholders, and any discounts, commissions or concessions allowed or reallocated or paid to dealers. The prospectus supplement and, if necessary, a post-effective amendment to the registration statement of which this prospectus forms a part, will be filed with the SEC to reflect the disclosure of additional information with respect to the distribution of the securities.

To our knowledge, there are currently no agreements, arrangements or understandings between any selling securityholders and any broker, dealer, agent or underwriter regarding the sale by any selling securityholder of the preferred stock, the convertible subordinated debentures or the common shares issuable upon conversion of the preferred stock and the convertible subordinated debentures covered by this prospectus. Under the securities laws of some states, the securities may be sold only through registered or licensed brokers or dealers. In addition, in some states, the securities may not be sold unless they have been registered or qualified for sale in the state or an exemption from registration or qualification is available and complied with. The selling securityholders and any other person participating in the distribution will be subject to applicable provisions of the Exchange Act, including, without limitation, Regulation M, which may limit the timing of purchases and sales of any of the securities by the selling securityholders and any other person. Furthermore, under Regulation M, any person engaged in the distribution of the securities may not simultaneously engage in market-making activities with respect to the particular securities being distributed for particular periods prior to the commencement of the distribution. All of the foregoing may affect the marketability of these securities and the ability of any person or entity to engage in market-making activities with respect to the securities.

Under the terms of the registration rights agreement, holders of the securities covered by this prospectus and we have agreed to indemnify each other against certain liabilities, including certain liabilities under the Securities Act, or will be entitled to contribution in connection with those liabilities. Under the terms of the registration rights agreement, we have also agreed to pay substantially all of the expenses in connection with the registration of the preferred stock, convertible subordinated debentures issued in exchange for the preferred stock and common shares issued upon conversion of the preferred stock or convertible subordinated debentures other than underwriting discounts, if any, and commissions and transfer taxes, if any, relating to the sale or disposition by the selling securityholders of their securities covered by this prospectus.

There is no public trading market for the shares of the preferred stock and we do not intend to apply for listing of the shares of preferred stock on any national securities exchange or for quotation of the shares on any automated inter-dealer quotation system. No assurances can be given as to the liquidity of the trading market for the shares of preferred stock or that an active public market for those shares will develop. If any active market for the shares of preferred stock does not develop, the market price and liquidity of those shares may be adversely affected. If the shares of preferred stock are traded, they may trade at a discount from their initial offering price, depending on the market for similar securities, our performance and other factors.

In connection with the original private placement of the preferred stock with the initial purchaser, we and our executive officers and directors have agreed that, without the prior written consent of Morgan Stanley &





**DEALER PROSPECTUS DELIVERY OBLIGATION**

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**PART II**  
**INFORMATION NOT REQUIRED IN PROSPECTUS**

**Item 14. Other Expenses of Issuance and Distribution.**

The following table sets forth the expenses incurred by the Company in connection with the offerings described in this registration statement and the resale of the securities. All the amounts shown are estimated except the SEC registration fee.

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**Item 17. Undertakings.**

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information

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**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this amendment no. 2 to registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Cleveland, State of Ohio, on June 30, 2004.

CLEVELAND-CLIFFS INC

By: /s/ DONALD J. GALLAGHER

Name: Donald J. Gallagher  
Title: Senior Vice President, Chief Financial Officer and Treasurer

Pursuant to the requirements of the Securities Act of 1933, this amendment no. 2 to registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signatures	Title	Date
/s/ J. S. BRINZO J. S. Brinzo	Chairman, President and Chief Executive Officer and Director (Principal Executive Officer)	June 30, 2004
/s/ D. J. GALLAGHER D. J. Gallagher	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	June 30, 2004
/s/ R. J. LEROUX R. J. Leroux	Vice President and Controller (Principal Accounting Officer)	June 30, 2004
_____ _____ _____ _____ _____ _____ _____ _____		

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CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" in Amendment No. 2 to the Registration Statement (Form S-3 No. 333-113252) and related Prospectus of Cleveland-Cliffs Inc for the registration of 172,500 shares of redeemable cumulative convertible perpetual preferred stock and to the incorporation by reference therein of our report dated January 28, 2004, with respect to the consolidated financial statements and schedule of Cleveland-Cliffs Inc included in its Annual Report (Form 10-K) for the year ended December 31, 2003, filed with the Securities and Exchange Commission.

Cleveland, Ohio  
June 28, 2004

/s/ Ernst & Young LLP