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(Exact name of registrant as specified in its charter)

(State or other jurisdiction of incorporation)	*(I.R.S. Employer Identification No.)*
(Address of principal executive offices)	*(Zip Code)*

Common Shares, par value $.25 per share	New York Stock Exchange and Chicago Stock Exchange
Rights to Purchase Common Shares	New York Stock Exchange and Chicago Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes X No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No X

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ¨ No X

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of the Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

Large accelerated filer X Accelerated filer ¨ Non-accelerated filer ¨ .

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No X

As of June 30, 2006, the aggregate market value of the voting and non-voting stock held by non-affiliates of the registrant, based on the closing price of $39.65 per share as reported on the New York Stock Exchange — Composite Index was $1,670,340,942 (excluded from this figure is the voting stock beneficially owned by the registrant's officers and directors).

The number of shares outstanding of the registrant's Common Shares, par value $.25 per share, was 41,026,089 as of May 18, 2007.

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The following abbreviations or acronyms are used in the text. References in this report to the “Company”, “we”, “us”, “our” and “Cliffs” are to Cleveland-Cliffs Inc and subsidiaries, collectively. References to “A$” refer to Australian currency, “C$” to Canadian currency and “$” to United States currency.

Acme	Acme Metals Incorporated
Algoma	Algoma Steel Inc.
AOC	Administrative Order by Consent
APBO	Accumulated other postretirement benefit obligation
Arcelor	Arcelor S.A.
ARS	Auction rate securities
BACT	Best Available Control Technology
Bethlehem	Bethlehem Steel Corporation
BHP	BHP Billiton
CAL	Cliffs and Associates Limited
CCAA	Companies’ Creditors Arrangement Act
Centennial Amapa	Centennial Asset Participacoes Amapa S.A.
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act
Cliffs Asia Pacific	Cliffs Asia-Pacific Pty Limited
Cockatoo Island	Cockatoo Island Joint Venture
CVRD	Companhia Vale do Rio Doce
Dofasco	Dofasco Inc
DRI	Direct Reduced Iron
EITF	Emerging Issues Task Force
Empire	Empire Iron Mining Partnership
EPA	United States Environmental Protection Agency
EPS	Earnings per share
Eveleth Mines	Eveleth Mines LLC
FASB	Financial Accounting Standards Board
Ferrominera	C.V.G. Ferrominera Orinoco C.A. of Venezuela
F.O.B.	Free on board
FSP	FASB Staff Position
GAAP	accounting principles generally accepted in the United States
GAM	Group Annuity Mortality
HAP	Hazardous air pollutants
HBI	Hot Briquette Iron
Hibbing	Hibbing Taconite Company
HLE	HLE Mining Limited Partnership
HWE	Henry Walker Eltin
ISG	International Steel Group Inc.
Ispat	Ispat Inland Steel Company
JORC	Joint Ore Reserves Code
Kobe Steel	Kobe Steel, LTD.
Laiwu	Laiwu Steel Group, Ltd.
LIBOR	London Interbank Offered Rate
LTI	Lost Time Injuries
LTIFR	Lost Time Injury Frequency Rate
LTVSMC	LTV Steel Mining Company
MACT	Maximum Achievable Control Technology

The filing of the Company’s Form 10-K for the year-ended December 31, 2006 was late due to a comprehensive review of the Company’s application of SFAS 133, *Accounting for Derivative Instruments and Hedging Activities,* in relation to its long-term North American pellet supply agreements *(*x*ntin*

Under terms of the umbrella agreement, the Pellet Sale and Purchase Agreement dated as of April 10, 2002 for ISG Indiana Harbor, as previously amended, the Pellet Sale and Purchase Agreement, dated as of December 31, 2006 for Ispat Inland, and the Amended and Restated Pellet Sale and Purchase Agreement dated as of May 17, 2004 for ISG Weirton are modified to aggregate Mittal Steel USA's purchases during the years 2006 through and including 2010 under the umbrella agreement. The pricing provisions are determined in accordance with the supply agreements for each of the covered facilities in the three agreements listed above.

During 2006 through 2010, Mittal Steel USA is obligated to purchase specified minimum tonnages of iron ore pellets on an aggregate basis. Mittal Steel USA is permitted under the umbrella agreement to transfer any of the committed volume for use at any iron and steel facility(s) owned directly or indirectly by Mittal Steel Company N.V., which enhances flexibility. The umbrella agreement also sets the minimum annual tonnage at Mittal Steel USA's approximately budgeted usage levels through 2010, with pricing then in effect at the facility where the pellets are delivered. Beginning in 2007, the terms of the umbrella agreement allow Mittal Steel USA to manage its ore inventory levels through buydown provisions, which permit Mittal Steel USA to reduce its tonnage purchase obligation each year at a specified price per ton, and through deferral provisions, which permit Mittal Steel USA to defer a portion of its annual tonnage purchase obligation beginning in 2007. Mittal Steel USA has opted to defer the purchase of 550,000 tons from 2007 to 2008. The umbrella agreement also provides for consistent nomination procedures through 2010 across all three iron ore pellet supply agreements.

As a condition of approving Mittal's merger with Arcelor, the U.S. Department of Justice mandated that Arcelor-Mittal sell one of its three North American steel plants in order to satisfy requirements involving antitrust concerns. On February 20, 2007, the Department of Justice announced that it would require Mittal Steel USA to divest its Sparrows Point facility, located in Baltimore, Maryland. We have not historically supplied iron ore to the Sparrows Point facility.

Algoma

Algoma is Canada's third-largest steelmaker. We have a 15-year term supply agreement under which we are Algoma's sole supplier of iron ore pellets through 2016 (the "Algoma Agreement"). Pricing under the Algoma Agreement is based on a formula linked to international pellet prices (the "Pricing Formula"). The Algoma Agreement also provides that in certain years either party may request a price negotiation ("Reopener Years") if prices under the Algoma Agreement differ from a specified benchmark price. The Reopener Years are 2008, 2011, and 2014. We anticipate that Algoma will take the position that any change resulting from a requested price renegotiation would be retroactive to the beginning of the years preceding the Reopener Years, *i.e.*, 2007, 2010, and 2013. Our position is that any price change would be retroactive to the beginning of the Reopener Years. If we are unable to reach agreement with Algoma on this issue, any dispute is likely to be resolved through binding arbitration which would occur in 2008. The amount of the variance, if any, between the Pricing Formula and the benchmark price for a particular Reopener Year depends on future events and is therefore currently not determinable. If Algoma were to prevail on the retroactivity issue, our 2007 revenues from sales to Algoma may be adversely affected. On April 15, 2007, Essar Global Limited, through its wholly owned subsidiary Essar Steel Holdings Limited, signed a definitive arrangement agreement to acquire Algoma for C$1.85 billion. We do not expect the merger to affect our term supply agreement with Algoma. We sold 3.5 million, 3.8 million and 3.3 million tons to Algoma in 2006, 2005 and 2004, respectively.

Severstal

On October 23, 2003, Rouge, a significant pellet sales customer of ours, filed for chapter 11 bankruptcy protection. On January 30, 2004, Rouge sold substantially all of its assets to Severstal. Severstal, as part of the acquisition of assets of Rouge, assumed our term supply agreement with Rouge with minimal modifications. On January 1, 2006, we entered into an amended and restated agreement whereby we will be the sole supplier of iron ore pellets through 2012, with certain minimum purchase requirements for certain years. We sold 3.7 million [illegible]

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[illegible]

The North American steel industry has undergone consolidation, and that consolidation is likely to continue as evidenced by the recently announced acquisition of Algoma Steel by Essar Global. Consolidation is also occurring globally, as evidenced by Mittal Steel's merger with Arcelor and Tata Steel Limited's acquisition of Corus Group plc. Consolidation in the North American and global steel industries will result in fewer customers for iron ore and coal. The restructuring process may reduce integrated steelmaking capacity, which would reduce demand for our iron ore and coal products and may adversely affect our sales.

[illegible]

In 2006, 2005 and 2004, 20.2 million, 21.9 million and 22.2 million tons, respectively, of our North American iron ore pellet sales were sold to North American steel manufacturers, while only ..2 million, .4 million and .4 million tons of our pellets were sold outside of North America in each year. The North American steel industry has historically been cyclical in nature, influenced by a combination of factors, including periods of economic growth or recession, strength or weakness of the U.S. dollar, worldwide demand and production capacity, the strength of the U.S. automotive industry, levels of steel imports and applicable tariffs. The demand for steel products is generally affected by macroeconomic fluctuations in North America and the global economies in which steel companies sell their products. For example, future economic downturns, stagnant economies or currency fluctuations could decrease the demand for steel products globally or increase the amount of imports of steel or iron ore into the United States.

[illegible] durable goods industries, all of which are significant markets for steel products and are somewhat cyclical, could negatively impact sales of steel by North American producers. [illegible] American iron ore products and significantly adversely affect our North American sales, margins and profitability.

[illegible]

were to significantly reduce their purchases of iron ore products from us, or if we were unable to sell iron ore products to them on terms as favorable to us as the terms under our current term supply agreements, our North American sales, margins and profitability could suffer materially due to the high level of fixed costs and the high costs to idle or close mines. The majority of the iron ore we manage and produce is for our own account, and therefore we rely on sales to our joint venture partners and other third-party customers for most of our revenues.

Our North American term supply agreements include both agreements which are requirements contracts and agreements with minimum purchase provisions, some of which provide for flexibility of volume above minimum levels. Portman sales contracts are for fixed annual tonnages with customer options to increase or decrease annual purchases. A decrease in one or more of our customers' requirements could cause our sales to decline, as we may not be able to find other customers to purchase our iron ore products. In addition, if our customers' requirements decline, since many of our production costs are fixed, our production costs per ton may rise, which may affect our margins and profitability. Unmitigated loss of sales would have a greater percentage impact on margins and profitability than on revenues, due to the high level of fixed costs in the iron ore mining business and the high cost to idle or close mines.

Our term supply agreements typically contain force majeure provisions allowing temporary suspension of performance by the customer during specified events beyond the customer's control, including raw material shortages, power failures, equipment failures, adverse weather conditions and other events. For example, one of our large customers notified us in January 2004 that it was reducing its requirements for iron ore pellets in the first quarter of 2004 by 180,000 long tons pursuant to the force majeure provisions of its term supply agreement with us. That customer invoked the force majeure provision due to a failure of its coke supplier to ship the quantity of coke that the customer had ordered due to shortages caused by a fire at a mine that supplied coal to the supplier.

Price escalators in our term supply agreements also expose us to short-term price volatility, which can adversely affect our margins and profitability. Our term supply agreements also contain provisions requiring us to deliver iron ore pellets meeting quality thresholds for certain characteristics, such as chemical makeup. Failure to meet these specifications could result in economic penalties. All of these contractual provisions could adversely affect our sales, margins and profitability.

Most of our North American and Australian sales are under multi-year term supply agreements. Sales volume under these agreements is largely dependent on customer requirements, and in many cases, we are the

costs, including accelerated employment legacy costs, severance-related obligations, reclamation and other environmental costs, and the costs of terminating long-term obligations, including energy contracts and equipment leases. We base our assumptions regarding the life of our mines on detailed studies we perform from time to time, but those studies and assumptions do not always prove to be accurate. We recognize the costs of reclaiming open pits, stockpiles, tailings ponds, roads and other mining support areas based on the estimated mining life of our property. If we were to significantly reduce the estimated life of any of our mines, the mine-closure costs would be applied to a shorter period of production, which would increase production costs per ton produced and could significantly and adversely affect our results of operations and financial condition. For example, we significantly decreased our ore reserve estimates for the Empire mine from 116 million tons at December 31, 2001 to 63 million tons at December 31, 2002 and further to 29 million tons at December 31, 2003. As of December 31, 2006, Empire's estimated ore reserves decreased to approximately 13 million tons, primarily as a result of production in 2004, 2005 and 2006.

A North American mine permanent closure could significantly increase and/or accelerate employment legacy costs, including our expense and funding costs for pension and other postretirement benefit obligations. A number of employees would be eligible for immediate retirement under special eligibility rules that apply upon a mine closure. At the Tilden and Empire mines, there are Range Wide seniority rights for permanent closures that would significantly mitigate if not entirely eliminate the number of employees that would become eligible for special early retirements if only one of the mines closed. Second, all employees eligible for immediate retirement under the pension plans at the time of the permanent mine closure also would be eligible for postretirement health and life insurance benefits, thereby accelerating our obligation to provide these benefits. Third, a closure of Hibbing, Tilden or Empire would precipitate a pension closure liability significantly greater than an ongoing operation liability. Fourth, closure of United Taconite could create a withdrawal liability since it is a member of a multiemployer pension plan, but is not the plan sponsorup p p ltifad

of extraction and reclamation, all of which may in fact vary considerably from actual results. For these reasons, estimates of the economically recoverable quantities of mineralized deposits attributable to any particular group of properties, classifications of such reserves based on risk of recovery and estimates of future net cash flows prepared by different engineers or by the same engineers at different times may vary substantially as the criteria change. Estimated ore reserves could be affected by future industry conditions, geological conditions and ongoing mine planning. Actual production, revenues and expenditures with respect to our reserves will likely vary from estimates, and if such variances are material, our sales and profitability could be adversely affected.

[illegible]

Our North American term supply agreements contain a number of price adjustment provisions, or price escalators, including adjustments based on general industrial inflation rates, the price of steel and the international price of iron ore pellets, among other factors, that allow us to adjust the prices under those agreements generally on an annual basis. Our price adjustment provisions are weighted and some are subject to annual collars, which limit our ability to raise prices to match international levels and fully capitalize on strong demand for iron ore. Most of our North American term supply agreements do not allow us to increase our prices and to directly pass through higher production costs to our customers. An inability to increase prices or pass along increased costs could adversely affect our margins and profitability.

[illegible]

Our ability to receive payment for iron ore products sold and delivered to our customers depends on the creditworthiness of our customers. In North America, we ship iron ore products to some of our customers' yards in advance of payment for those products. Our rationale for shipping iron ore products to customers in advance of payment for, and transfer title for the product is to more closely relate timing of payment to consumption, thereby providing additional liquidity to our customers, and to reduce our financial risk to customer insolvency as title and risk of loss with respect to those products does not pass to the customer until payment for the pellets is received. Accordingly, there is typically a period of time in which pellets, as to which we have reserved title, are within our customers' control. Several of our customers have previously petitioned for protection under bankruptcy or other similar laws. Failure to receive payment from our customers for products that we have delivered could adversely affect our results of operations.

[illegible]

Prior to 2002, we had principally acted as a manager of iron ore mines on behalf of steel company owners, and in that capacity had been generally entitled to [illegible]alties on reserves that we have leased or subleased to the Empire and Tilden mines, and income from our sales of iron ore products to our customers, including the other mine owners. Our current business model increased ownership in our co-owned mines. In accordance with our [illegible]

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

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

We have calculated the unfunded obligation based on a number of assumptions. Discount rate, return on plan assets, and mortality assumptions parallel those utilized for pensions. If our assumptions do not materialize as expected, cash expenditures and costs that we incur could be materially higher. Moreover, we cannot be certain that regulatory changes will not increase our obligations to provide these or additional benefits. These obligations also may increase substantially in the event of adverse medical cost trends or unexpected rates of early retirement, particularly for bargaining unit retirees for whom there is currently no retiree healthcare cost cap. Early retirement rates likely would increase substantially in the event of a mine closure.

We are a related-party to certain companies that were coal mine operators. As a result we are subject to the Coal Retiree Act and are obligated to make premium payments to the Combined Fund for health and death benefits paid by the Combined Fund to retired coal miners. At December 31, 2006, the net present value of our estimated liability to the Combined Fund was $4.5 million. We are assessed premiums for unassigned or “orphan” retirees on a pro rata basis with other coal mine operators and related parties. If other coal mine operators and related parties file for bankruptcy protection or become insolvent, our pro rata portion of the liability to the Combined Fund could increase, which could have an adverse effect on our results of operations and financial condition.

The USW represents all hourly employees at our Empire, Hibbing, Tilden and United Taconite mines, as well as Wabush in Canada. The USW has also been attempting to organize our employees at our Northshore mine. A four-year labor agreement was reached in August 2004 with our U.S. labor force and a five-year agreement that runs until March 2009 was reached with our Canadian work force. 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 or railroad are not successfully renegotiated prior to their expiration, we could face work stoppages or labor strikes.

Operating expenses at our mining locations are sensitive to changes in electricity prices and fuel prices, including diesel fuel and natural gas prices, which represent 25 percent of our North American operating costs. Prices for electricity, natural gas and fuel oils can fluctuate widely with availability and demand levels from other users. During periods of peak usage, supplies of energy may be curtailed and we may not be able to purchase them at historical rates. While we have some long-term contracts with electrical suppliers, we are exposed to

fluctuations in energy costs that can affect our production costs. We enter into forward fixed-price supply contracts for natural gas and diesel fuel for use in our operations. Those contracts are of limited duration and do not cover all of our fuel needs, and price increases in fuel costs could cause our profitability to decrease significantly.

We have recently experienced longer lead times on equipment, tires, and supply needs due to the increased demand for these resources. As the global mining industry increases its capacity, demand for these resources will increase, potentially resulting in higher prices, equipment shortages, or both.

At our North American locations, many of our mining operational employees are approaching retirement age. As these experienced employees retire, we may have difficulty replacing them at competitive wages. In Western Australia, the large number of expansion projects currently in progress has created turnover principally for our contractors' employees. As a result, wages are increasing to address the turnover.

Portman uses contractors to handle many of the operational phases of its mining and processing operations and therefore is subject to the performance of outside companies on key production areas.

We require effective internal control over financial reporting in order to provide reasonable assurance with respect to our financial reports and to effectively prevent fraud. Internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If we cannot provide reasonable assurance with respect to our financial statements and effectively prevent fraud, our financial statements could become materially misleading, which could adversely affect the trading price of our common shares. Our management determined that we had a material weakness in our internal control over financial reporting due to the failure to maintain a sufficient complement of personnel with an appropriate level of technical accounting knowledge, experience and training to consistently perform independent secondary reviews and to appropriately interpret and apply complex accounting standards. We are enhancing our internal controls in order to remediate the material weakness. Implementing new internal controls and testing the internal control framework will require the dedication of additional resources, management time and expense. If we fail to correct the material weakness with our internal control over financial reporting, including any failure to implement required new or improved controls, or if we experience difficulties in their implementation, our business, financial condition and operating results could be harmed.

Our ability to grow successfully through acquisitions depends upon our ability to identify, negotiate, complete and integrate suitable acquisitions and to obtain necessary financing. It is possible that we will be unable to successfully complete potential acquisitions. In addition, the costs of acquiring other businesses could increase if competition for acquisition candidates increases. Additionally, the success of an acquisition is subject to other risks and uncertainties, including our ability to realize operating efficiencies expected from an acquisition, the size or quality of the resource, delays in realizing the benefits of an acquisition, difficulties in retaining key employees, customers or suppliers of the acquired business, difficulties in maintaining uniform controls, pro

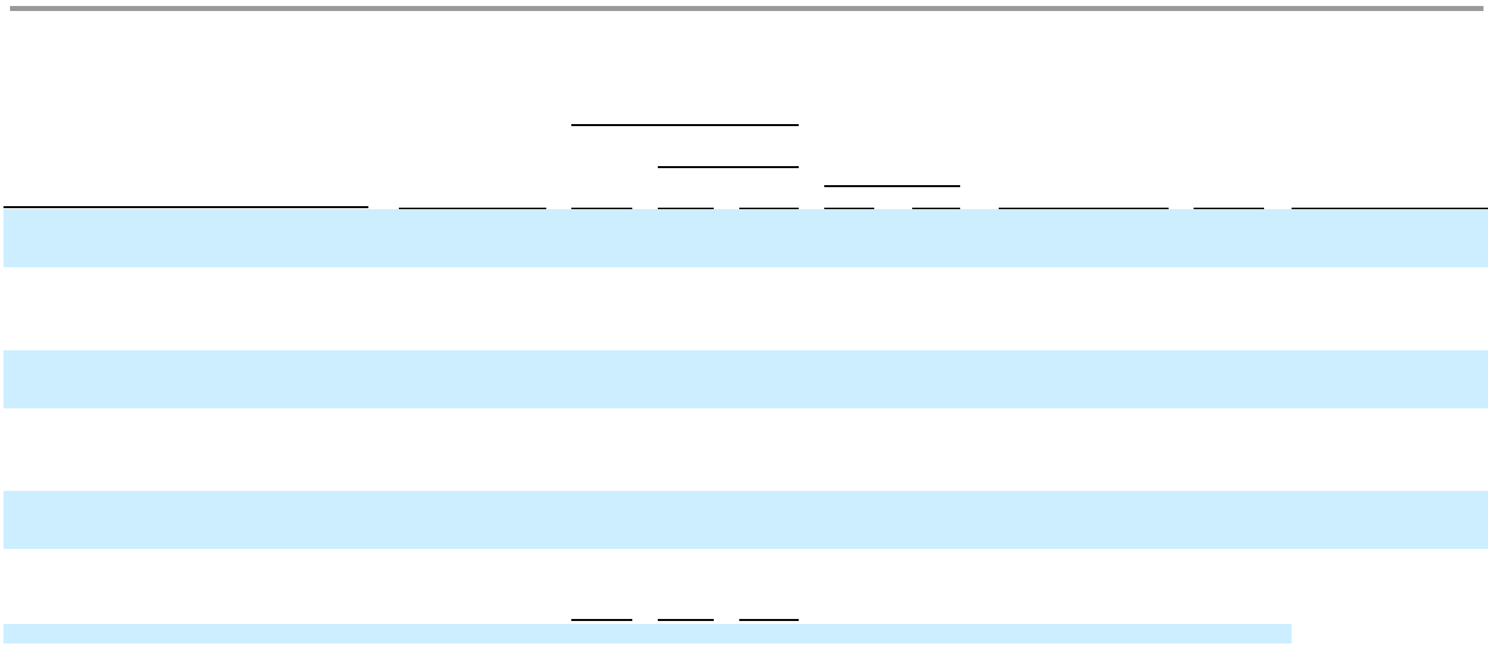
Silver Bay, Minnesota, near Lake Superior, on U.S. Highway 61. The main entrance to the Northshore mine is accessed by means of a gravel road and is located off County Road 20. The Northshore mine has been in continuous operation since 1990. Over the past five years, the Northshore mine has produced between 4.2 million and 5.1 million tons of iron ore pellets annually.

The Northshore mine began production under our management and ownership on October 1, 1994. We own 100 percent of the mine.

United Taconite

The United Taconite mine is located on Minnesota's Mesabi Iron Range in and around the city of Eveleth, Minnesota, west of U.S. Highway 53. The main entrance to the United Taconite mine is accessed by means of a paved road and is located off Route 37. The mine has been operating since 1965. Over the past five years, the United Taconite mine has produced between 1.6 million and 4.9 million tons of iron ore pellets annually.

[illegible] United Taconite purchased the ore mining and pelletizing assets of Eveleth Mines. Eveleth Mines had ceased mining operations in May [illegible] 2003. Under the terms of the purchase agreement, United Taconite purchased all of Eveleth Mines' assets for [illegible] liabilities, [illegible]



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Mine Facilities and Equipme

Various legislative bodies and federal and state agencies are continually promulgating new laws and regulations affecting us, our customers, and our suppliers in many areas, including waste discharge and disposal, hazardous classification of materials and products, air and water discharges, and many other environmental, health and safety matters. Although we believe that our environmental policies and practices are sound and do not expect that the application of any current laws or regulations would reasonably be expected to result in a material adverse effect on our business or financial condition, we cannot predict the collective adverse impact of the expanding body of laws and regulations.

The iron ore industry has been identified by the EPA as an industrial category that emits pollutants established by the 1990 Clean Air Act Amendments. These pollutants included over 200 substances that are now classified as hazardous air pollutants (“HAP”). The EPA is required to develop rules that would require major sources of HAP to utilize MACT standards for their emissions. Pursuant to this statutory requirement, the EPA published a final rule on October 30, 2003 imposing emission limitations and other requirements on taconite iron ore processing operations. On December 15, 2005, we and Ispat-Inland Mining Company filed a Petition to Delete as a source category regulated by Section 112 of the Clean Air Act. EPA requested additional information, and a supplement was submitted to the EPA on August 22, 2006. A response i   APs. y rma

management shifted from control of mine establishment and construction activities to implementation and ongoing development of the Koolyanobbing Project Environmental 9rfr

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cash payment of $2.25 million. In addition, East Greenfield deposited $4.5 million into an escrow account to fund any remaining environmental clean-up activities on the site and to purchase insurance coverage with a $5 million limit.

Rio Tinto. The Rio Tinto Mine Site is a historic underground copper mine located near Mountain City, NV, where tailings were placed in Mill Creek, a tributary to the Owyhee River. Site investigation and remediation work is being conducted in accordance with a Consent Order between the NDEP and the RTWG composed of the Company, Atlantic Richfield Company, Teck Cominco American Incorporated, and E. I. du Pont de Nemours and Company. The Consent Order provides for technical review by the U.S. Department of the Interior Bureau of Indian Affairs, the U.S. Fish & Wildlife Service, U.S. Department of Agriculture Forest Service, the NDEP and the Shoshone-Paiute Tribes of the Duck Valley Reservation (collectively, "Rio Tinto Trustees"). The Consent Order is currently projected to continue with the objective of supporting the selection of the final remedy for the Site. Costs are shared pursuant to the terms of a Participation Agreement between the parties of the RTWG, who have reserved the right to renegotiate any future participation or cost sharing following the completion of the Consent Order.

The Rio Tinto Trustees have made available for public comment their plans for the assessment of NRD. The RTWG commented on the plans and also are in discussions with the Rio Tinto Trustees informally about those plans. The notice of plan availability is a step in the damage assessment process. The studies presented in the plan may lead to a NRD claim under CERCLA. There is no monetized NRD claim at this time.

During 2006, the focus of the RTWG was on development of alternatives for remediation of the mine site. A draft of an alternatives study was reviewed with NDEP, EPA and the Rio Tinto Trustees and as of December 31, 2006, the alternatives have essentially been reduced to two: (1) tailings stabilization and long-term water treatment; and (2) removal of the tailings. The estimated costs range from approximately $10 million to $27 million. In recognition of the potential for an NRD claim, the parties are actively pursuing a global settlement that would encompass both the remedial action and the NRD issues and thereby avoid the lengthy litigation typically associated with NRD and any such settlement would include the EPA. We increased our reserve by $4.1 million in the third quarter of 2006 to reflect our estimated costs for completing the work under the existing Consent Order and our share of the eventual remediation costs based on a consideration of the various remedial measures and related cost estimates, which are currently under review. The expense was included in *Miscellaneous-net* in the Statements of Consolidated Operations. During the fourth quarter of 2006, the RTWG retained a team of geochemical consultants to assist with the assessment of remediation alternatives and also initiated a mediation process to determine an equitable allocation of costs for the remediation.

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2007, we, along with 25 other PRPs, received a group settlement demand for approximately $2.3 million. We are currently in the process of determining how to respond to the EPA's offer. If the matter does not settle, we (along with the other non-settling parties) would face joint and several liability if the EPA is successful in the lawsuit, meaning that we could be held responsible to the U.S. for the entire amount of any judgment.

Submission of Matters to a Vote of Security Holders.

None.

Name	Position with Cleveland-Cliffs Inc as of May 24, 2007	Age
J.A. Carrabba	Chairman, President and Chief Executive Officer	54
D.H. Gunning	Vice Chairman	64
L. Brlas	Senior Vice President-Chief Financial Officer and Treasurer	49
D.J. Gallagher	President, North American Iron Ore	55
W.R. Calfee	Executive Vice President — Commercial, North American Iron Ore	60
W.A. Brake Jr.	Executive Vice President — Cliffs Metallics and Chief Technical Officer	47
R.L. Kummer	Senior Vice President — Human Resources	50
J.A. Trethewey	Senior Vice President — Business Development	62
W.C. Boor	Senior Vice President — Business Development	41
G.W. Hawk, Jr.	General Counsel and Secretary	50

There is no family relationship between any of our executive officers, or between any of our executive officers and any of our Directors. Officers are elected to serve until successors have been elected. All of the above-named executive officers were elected effective on the dates listed below for each such officer.

The business experience of the persons named above for the past five years is as follows:

J.A. Carrabba	Chairman, President and Chief Executive Officer, Cleveland-Cliffs Inc, May 8, 2007 to date.
	President and Chief Executive Officer, Cleveland-Cliffs Inc, September 1, 2006 to May 7, 2007.
	President and Chief Operating Officer, Cleveland-Cliffs Inc, May 23, 2005 to August 31, 2006.
	President and Chief Operating Officer, Diavik Diamond Mines, April 21, 2003 to May 22, 2005.
	General Manager, Weipa Bauxite Operation, Comalco Aluminum March 1, 2000 to April 20, 2003.
D.H. Gunning	Vice Chairman, Cleveland-Cliffs Inc, April 16, 2001 to date.
L. Brlas	Senior Vice President-Chief Financial Officer and Treasurer, Cleveland-Cliffs Inc, December 11, 2006 to date.
	Senior Vice President-Chief Financial Officer, STERIS Corporation, April 2000 to December 8, 2006.
D.J. Gallagher	President, North American Iron Ore, Cleveland-Cliffs Inc, December 11, 2006 to date.
	President, North American Iron Ore, and Chief Financial Officer and Treasurer, Cleveland-Cliffs Inc, July 1 20·p7

W.R. Calfee	Executive Vice President — Commercial, North American Iron Ore, Cleveland-Cliffs Inc, July 12, 2006 to date.
	Executive Vice President — Commercial, Cleveland-Cliffs Inc, October 1, 1995 to July 11, 2006.
W.A. Brake Jr	Executive Vice President — Cliffs Metallics and Chief Technical Officer, Cleveland-Cliffs Inc, April 16, 2007 to date.
	Executive Vice President — Operations, Mittal rc

On October 15, 2006, November 15, 2006, and December 15, 2006, pursuant to the Cleveland-Cliffs Inc VNQDC Plan, we sold a total of 125 shares of common stock, par value $.25 per share, of Cleveland-Cliffs Inc Common Shares for an aggregate consideration of $5,537.90 to the Trustee of the Trust maintained under the VNQDC Plan. These sales were made in reliance on Rule 506 of Regulation D under the Securities Act of 1933 pursuant to an election made by two managerial employees under the VNQDC.

Period	(a) Total Number of Shares (or Un			

Revenues from Iron Ore Sales and Services

Sales revenue ince Ce C S S $a $$ $ u u

Other Operating Income

The pre-tax earnings changes for 2006 versus 2005 also included:

- A recovery in 2005 of $12.3 million related to a five-week production curtailment at the Empire and Tilden mines in 2003 due to the loss of electric power as a result of flooding in the Upper Peninsula of Michigan. We expect to recover a portion of our deductible in the second quarter of 2007, totaling $3.0 million;
- Higher administrative, selling and general expenses of $6.7 million reflecting increased outside professional services and full-year expense at Portman, partially offset by lower incentive compensation;
- Higher customer bankruptcy recoveries in 2006 reflect˝dш

Oth

Discontinued Operations

We recorded after-tax income of $.9 million related to CAL in 2005, compared with after-tax income of $3.1 million in 2004.

We recorded after-tax expense of $1.7 million related to our contract with Ferrominera in 2005, compared with after-tax income of $.3 million in 2004.

Following is a summary of our cash flows for 2006, 2005 and 2004:

(In Millions)

at $123 million. Included in the 2007 capital spending estimate is $19 million related to the .8 million ton capacity expansion at the Northshore mine. We expect to fund our capital expenditures from available cash, current operations and bmi nditures ures [

initiated on March 31, 2005 by the purchase of approximately 68.7 percent of the outstanding shares of Portman. The assets consist primarily of iron ore inventory, land, mineral rights and iron ore reserves. The purchase price of the 80.4 percent interest was $433.1 million, including $12.4 million of acquisition costs. Additionally, we incurred $9.8 million of foreign currency hedging costs related to this transaction, which were included in *Other-net* in the first-quarter 2005 Statements of Consolidated Operations. The acquisition increased our customer base in China and Japan and established our presence in the Australian mining industry. Portman's full-year 2006 and 2005 production (excluding its share of the 50 percent-owned Cockatoo Island joint venture) was 7.0 million tonnes and 6.0 million tonnes, respectively. Portman completed a $62 million project that increased its wholly owned production capacity to eight million tonnes per year in the first half of 2006. The production is fully committed to steel companies in China and Japan through 2009. Portman's reserves total approximately 88 million tonnes at December 31, 2006, and it has an active exploration program underway to increase its reserves.

The acquisition and related costs were financed with existing cash and marketable securities and $175 million of interim borrowings under a three-year $350 p5milltntérinedim

related environmental and reclamation obligations. See *Mine Closure* in NOTE 5 — ENVIRONMENTAL AND MINE CLOSURE OBLIGATIONS. We also recog

estimate these adjustment factors. The price adjustment factors have been evaluated as embedded derivatives. We evaluated the embedded derivatives in the supply agreements in accordance with the provisions of SFAS 133, *Accounting for Derivative Instruments and Hedging Activities.* The price adjustment factors share the same economic characteristics and risks as the host contract and are integral to the host contract as inflation adjustments; accordingly they have not been separately valued as derivative instruments. Certain supply agreements with one customer include provisions for supplemental revenue or refunds based on the customer's annual steel pricing for the year the product is consumed in the customer's blast furnaces. We account for this provision as derivative instruments at the time of sale and record this provision at fair value until the year the product is consumed and the amounts are settled as an adjustment to revenue.

Under some North American term supply agreements, we ship the product to ports on the Great Lakes and/or to the customer's facilities prior to the transfer of title. Our rationale for shipping iron ore products to some customers in advance of payment for the products is to more closely relate timing of payment by customers to consumption, which also provides additional liquidity to our customers. Generally, our North American term supply agreements specify that title and risk of loss pass to the customer when payment for the pellets is received. This is a practice utilized to reduce our financial risk to customer insolvency. This practice is not believed to be widely used throughout the balance of the industry.

Revenue is recognized on services when the services are performed.

Where we are joint venture participants in the ownership of a North American mine, our contracts entitle us to receive royalties and management fees, which we earn as the pellets are produced.

Portman's sales revenue is recognized at the F.O.B. point, which is generally when the product is loaded into the vessel. Foreign currency revenues are converted to Australian dollars at the currency exchange rate in effect at the time of the transaction.

See *Accounting Policies* in Item 8 for a complete discussion of our revenue recognition policy.

We use our ore reserve estimates combined with our estimated annual production levels, to determine the mine closure dates utilized in recording the fair value liability for asset retirement obligations. See NOTE 5 — *ENVIRONMENTAL AND MINE CLOSURE OBLIGATIONS* — for further information. Since the liability represents the present value of the expected future obligation, a significant change in ore reserves or mine lives would have a substantial effect on the recorded obligation. We also utilize economic ore reserves for evaluating potential impairments of mine assets and in determining maximum useful lives utilized to calculate depreciation and amortization of long-lived mine assets. Decreases in ore reserves or mine lives could significantly affect these items.

Asset Retirement Obligations

The accrued mine closure obligations for our active mining operations provides for contractual and legal obligations associated with the eventual closure of the mining operations. Our obligations are determined based on detailed estimates adjusted for factors that an outside party would consider (i.e., inflation, overhead and profit), which were escalated (at an assumed three percent) to the estimated closure dates, and then discounted using a credit-adjusted risk-free interest rate of 10.25 percent (12.0 percent for United Taconite and 5.5 percent for Portman) for the initial estimates. The estimates at December 31, 2006 and 2005 were revised using incremental increases in the closure cost estimates and minor changes in estimates of mine lives. The closure date for each location was determined based on the exhaustion date of the remaining iron ore reserves. The estimated obligations are particularly sensitive to the impact of changes in mine lives given the difference between the inflation and discount rates. Changes in the base estimates of legal and contractual closure costs due to changed legal or contractual requirements, available technology, inflation, overhead or profit rates would also have a significant impact on the recorded obligations. See NOTE 6 — *ENVIRONMENTAL AND MINE CLOSURE OBLIGATIONS* — for further information.

Asset Impairment

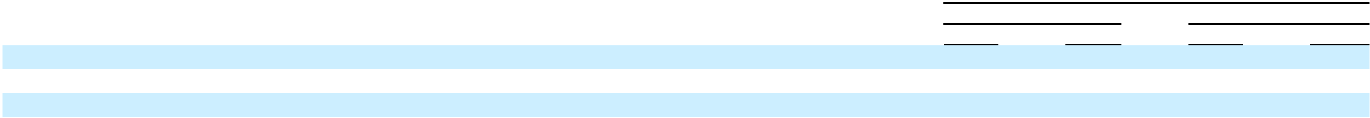
We monitor conditions that indicate that the carrying value of an asset or asset group may be impaired. We determine impairment based on the asset's ability to generate cash flow greater than its carrying value, utilizing an undiscounted probability-weighted analysis. If the analysis indicates the asset is impaired, the carrying value is adjusted to fair value. Fair value can be determined by market value and also comparable sales transactions or using a discounted cash flow method. The impairment analysis and fair value determination can result in significantly different outcomes based on critical assumptions and estimates including the quantity and quality of remaining economic ore reserves, future iron ore prices and production costs.

Environmental Remediation Costs

We have a formal policy for environmental protection and restoration. Our obligations for known environmental problems at active and closed mining operations and other sites have been recognized based on estimates of the cost of investigation and remediation at each site. If the estimate can only be estimated as a range of possible amounts, with no specific amount being most likely, the minimum of the range is accrued. Management reviews its environmental remediation sites quarterly to determine if additional cost adjustments or disclosures are required. The characteristics of environmental remediation obligations, where information concerning the nature and extent of clean-up activities is not immediately available, or changes in regulatory requirements, result in a significant risk of increase to the obligations as they mature. Expected future expenditures are not discounted to present value unless the amount and timing of the cash disbursements are readily known. Potential insurance recoveries are not recognized until realized.

Employee Retirement Benefit Obligations

The Company and its mining ventures sponsor defined benefit pension plans covering substantially all North American employees. These plans are largely noncontributory, and benefits are generally based on employees’ years of service and average earnings for a defined period prior to retirement. Portman does not have employee retirement benefit obligations.



Changes in actuarial assumptions, including discount rates, employee retirement rates, mortality, compensation levels, plan asset investment performance, and healthcare costs, are selected by us. Changes in actuarial assumptions and/or investment performance of plan assets can have a significant impact on our financial condition due to the magnitude of our retirement obligations. See NOTE 8 — *RETIREMENT RELATED BENEFITS* — for further information.

Accounting for Business Combinations

During 2005, we completed the acquisition of 80.4 percent of Portman. We allocated the purchase price to assets acquired and liabilities assumed based on their relative fair value at the date of acquisition, pursuant to SFAS No. 141, *Business Combinations.* In estimating the fair value of the assets acquired and liabilities assumed, we consider information obtained during our due diligence process and utilize various valuation methods, including market prices, where available, appraisals, comparisons to transactions for similar assets and liabilities and present value of estimated future cash flows. We are required to make subjective estimates in connection with these valuations and allocations.

This report 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 report, 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 report 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;
- uncertainty relating to contractual disputes with any of our customers;
- our business and growth strategies;
- uncertainties relating to our ability to identify and consummate any strategic investments;
- adverse changes in currency values;
- uncertainty relating to contractual disputes with any of our significant energy, material or service providers;
- the success of cost-savings efforts;
- our financing plans and forecasts; and
- the potential existence of significant deficiencies or material weaknesses in internal controls over financial reporting that may be identified during the performance of testing under Section 404 of the Sarbanes-Oxley Act of 2002.

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. For additional factors affecting the business of Cleveland-Cliffs Inc, see Item 1A. *Risk Factors.*

You are urged to carefully consider these risk factors. All forward-looking statements attributable to us are expressly qualified in their entirety by the foregoing cautionary statements.

Quantitative and Qualitative Disclosures About Market Risk

Information regarding our Market Risk is presented under the caption *Market Risk*, which is included in Item 7 and is incorporated by reference and made a part hereof.

Cleveland-Cliffs Inc and Consolidated Subsidiaries

	[illegible]	2005
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	[illegible]	$ 122.9
Accrued employment costs	[illegible]	47.4
Pensions		45.3
Other postretirement benefits	[illegible]	36.6
Income taxes	[illegible]	29.1
State and local taxes	[illegible]	22.2
Environmental and mine closure obligations	[illegible]	13.4
Accrued expenses	[illegible]	28.9
Payables to associated companies	[illegible]	7.7
Deferred revenue	[illegible]	.2
Other	[illegible]	9.0
TOTAL CURRENT LIABILITIES	[illegible]	362.7
POSTEMPLOYMENT BENEFIT LIABILITIES		
Pensions	[illegible]	119.6
Other postretirement benefits		

Cleveland-Cliffs Inc and Consolidated Subsidiaries

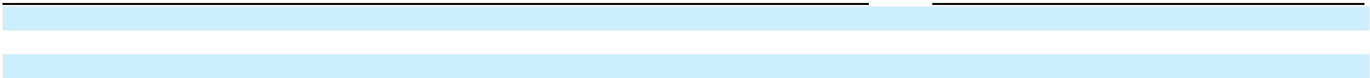
	2005	2004
CASH FLOW FROM CONTINUING OPERATIONS		
OPERATING ACTIVITIES		
Net income	$ 277.6	$ 323.6
(Income) loss from discontinued operations	.8	(3.4)
Cumulative effect of accounting change	(5.2)	
Income from continuing operations	273.2	320.2
Adjustments to reconcile net income from continuing operations to net cash from (used by) operations:		
Depreciation and amortization:		
Consolidated	48.6	25.0
Share of associated companies	4.2	4.3
Minority interest	10.1	
Share-based compensation		
Pensions and other postretirement benefits	(35.2)	(48.0)
Gain on sale of assets	(11.3)	(4.2)
Derivatives and currency hedges	36.7	
Deferred income taxes	(4.4)	(86.7)
Environmental and closure obligation	6.0	4.6
Excess tax benefit from share-based compensation		
Proceeds from business interruption insurance recovery	12.3	
Impairment of mining assets		5.8
Provision for customer bankruptcy exposures		1.6
Gain on sale of ISG common stock		(152.7)
Casualty recoveries	(12.3)	
Other	5.4	5.1
Changes in operating assets and liabilities:		
Payables and accrued expenses	63.5	20.4
Receivables & other assets	1.0	(50.7)
Sales of marketable securities	182.8	
Inventories and prepaid expenses	(56.0)	(3.4)
Purchases of marketable securities	(10.0)	(182.7)
Net cash from (used by) operating activities	514.6	(141.4)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment:		
Consolidated	(97.8)	(54.4)
Share of associated companies	(8.5)	(6.3)
Proceeds from sale of assets	4.4	4.4
Investment in Portman Limited	(409.0)	
Payment of currency hedges	(9.8)	
Proceeds from sale of ISG common stock		170.1
Proceeds from steel company debt		10.0
Proceeds from Weirton investment		3.8
Net cash from (used by) investing activities	(520.7)	127.6
FINANCING ACTIVITIES		
Repurchases of Common Stock		(6.5)
Common Stock dividends	(13.1)	(2.2)
Preferred Stock dividends	(5.6)	(3.9)
Repayment of capital leases		
Issuance cost — Revolving credit	(2.7)	
Repayment of long-term debt		(25.0)
Contributions by minority interest	2.1	9.7
Excess tax benefit from share-based compensation		
Proceeds from stock options exercised	5.7	17.9
Repayments under revolving credit facility	(175.0)	
Borrowings under revolving credit facility	175.0	
Proceeds from Convertible Preferred Stock		172.5
Issuance cost — Convertible Preferred Stock		(6.6)
Net cash from (used by) financing activities	(13.6)	155.9
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(2.2)	
CASH FROM (USED BY) CONTINUING OPERATIONS	(21.9)	142.1
CASH FROM (USED BY) DISCONTINUED OPERATIONS — OPERATING	(5.2)	.3
— INVESTING	3.0	6.7
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(24.1)	149.1
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	216.9	67.8
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 192.8	$ 216.9
Taxes paid on income	$ 86.2	$ 57.1
Interest paid on debt obligations	$ 2.0	$ .2

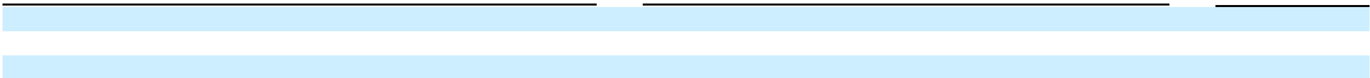
See notes to consolidated financial statements.

Cleveland-Cliffs and Consolidated Subsidiaries

Notes to Consolidated Financial Statements

On June 30, 2006 and December 31, 2004, we complC, Û 1˝ ò





Notes to Consolidated Financial Statements — (Continued)

As required by SFAS No. 142, *Goodwill and Other Intangible Assets* (SFAS 142), goodwill related to Portman was allocated to the Australia segment and goodwill related to Northshore was allocated to the North America segment. SFAS 142 requires us to compare the fair value of the reporting unit to its carrying value on an annual basis to determine if there is potential goodwill impairment. If the fair value of the reporting unit is less than its carrying value, an impairment loss is recorded to the extent that the fair value of the goodwill within the reporting unit is less than the carrying value of its goodwill.

We evaluate goodwill for impairment in the fourth quarter each year. In addition to the annual impairment test required under SFAS 142, we assessed whether events or circumstances occurred that potentially indicate that the carrying amount of these assets may not be recoverable. We concluded that there were no such events or changes in circumstances during 2006 and 2005, and determined that the fair value of reporting units was in excess of our carrying value as of December 31, 2006 and 2005. Consequently, no goodwill impairment charges were recorded in either year.

In January 2004, we issued 172,500 shares of redeemable cumulative convertible perpetual preferred stock, without par value, issued at $1,000 per share. The preferred stock pays quarterly cash dividends at a rate of 3.25 percent per annum and can be converted into our common shares at an adjusted rate of 65.5068 common shares per share of preferred stock. The preferred stock is classified as “temporary equity” reflecting certain provisions of the agreement that could, under remote circumstances, require us to redeem the preferred stock for cash. See NOTE 10 — *PREFERRED STOCK* for more information.

We monitor conditions that may affect the carrying value of our long-lived and intangible assets when events and circumstances indicate that the carrying value of the assets may be impaired. We determine impairment based on the asset’s ability to generate cash flow greater than the carrying value of the asset, using an undiscounted probability-weighted analysis. If projected undiscounted cash flows are less than the carrying value of the asset, the asset is adjusted to its fair value.

The cost of major power plant overhauls is amortized over the estimated useful life, which is the period until the next scheduled overhaul, generally five years. All other planned and unplanned repairs and maintenance costs are expensed when incurred.

[illegible] relate to property damage, business interruption (including profit recovery) and expenditures to mitigate

The market value of plan assets is measured at the year-end balance sheet date. The PBO

Notes to Consolidated Financial Statements — (Continued)

Effective January 1, 2006, we made a one-time election to adopt the transition method described in FSP No. FAS 123(R)-3, *Transition Election Related to Accounting for the Tax Effects of Share-Based Payment Awards.* This election resulted in the reclassification of excess tax benefits as presented in the Statements of Consolidated Cash Flows, from operating activities to financing activities.

Prior to the adoption of SFAS 123R, we recognized share-based compensation expense in accordance with SFAS No. 123, *Accounting for Stock-Based Compensation* (SFAS 123). As prescribed in SFAS No. 148, *Accounting for Stock-Based Compensation — Transition and Disclosure* (SFAS 148), we elected to use the prospective method. The prospective method required expense to be recognized for all awards granted, modified or settled beginning in the year of adoption. In accordance with SFAS 123 and SFAS 148, we provided pro forma net income or loss and net income or loss per share disclosures for each period as if we had applied the fair value recognition provisions to all awards unvested in each period.

In March 2005, the SEC issued SAB 107, which provided supplemental implementation guidance for SFAS 123R. We have applied the provisions of SAB 107 in our adoption of SFAS 123R. See NOTE 11 — *STOCK PLANS* for information on the impact of our adoption of SFAS 123R and the assumptions we used to calculate the fair value of share-based compensation.

Research and development costs, primarily relating to the Mesabi Nugget project at the Northshore mine in Minnesota and international projects located in Australia and Brazil, are expensed as incurred. Business development costs of $5.6 million, $3.2 million and $1.2 million in 2006, 2005 and 2004, respectively, were included in *Miscellaneous — net*. Mine development costs, primarily stripping and development drilling, are included in the cost of production as incurred.

We present both basic and diluted EPS amounts. Basic EPS are calculated by dividing net income by the weighted average number of common shares outstanding during the period presented. Diluted EPS are calculated by dividing net income by the weighted average number of common shares, common share equivalents and convertible preferred stock outstanding during the period, utilizing the treasury share method for employee stock plans. Common share equivalents are excluded from EPS computations in the periods in which they have an anti-dilutive effect. See NOTE 15 — *EARNINGS PER SHARE.*

In February 2007, FASB issued Statement No. 159, *The Fair Value Option for Financial Assets and Liabilities Including an Amendment of FASB Statement No. 115,* (SFAS 159). This Statement permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. The Statement also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. The Statement is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. Early adoption is permitted. We are evaluating the impact, if any, of the adoption of this standard on our

Notes to Consolidated Financial Statements — (Continued)

In September 2006, FASB issued FSP No. AUG AIR-1, *Accounting for Planned Major Maintenance Activities,* which prohibits the use of the accrue-in-advance method of accounting for planned major maintenance activities in annual and interim periods. This FSP is effective for fiscal years beginning after December 15, 2006. Retrospective application is required unless it is impracticable. We have evaluated the provisions of this Staff Position and have determined that adoption of this standard is not expected to have a material impact on our consolidated financial statements.

In September 2006, the SEC issued SAB No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements* (SAB 108), to address diversity in practice in quantifying financial statement misstatements. SAB 108 requires that we quantify misstatements based on their impact on each of our financial statements and related disclosures and is effective for fiscal years ending after November 15, 2006. A one-time transitional cumulative effect adjustment to retained earnings as of January 1, 2006 is allowed for errors that were not previously deemed material, but are material under the guidance in SAB 108. The adoption of SAB No. 108 in the fourth quarter of 2006 did not impact our consolidated financial statements.

In September 2006, FASB issued Statement No. 157, [illegible] *Measurements* (SFAS 157). SFAS 157 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. Under the standard, fair value measurements would be separately disclosed by level within the fair value hierarchy. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and [illegible]

Notes to Consolidated Financial Statements — (Continued)

On April 19, 2005, Cliffs Asia Pacific completed the acquisition of 80.4 percent of the outstanding shares of Portman, a Western Australia-based independent iron ore mining and exploration company. The acquisition was initiated on March 31, 2005 by the purchase of 68.7 percent of the outstanding shares of Portman. The assets consist primarily of iron ore inventory, land and mineral rights, and iron ore reserves. The purchase price of the 80.4 percent interest was $433.1 million, including $12.4 million of acquisition costs. Additionally, we incurred $9.8 million of foreign currency hedging costs related to this transaction, which were included in

Notes to Consolidated Financial Statements — (Continued)

The adjustment since our initial allocation of the 80.4 percent interest in Portman increased Portman's iron ore inventory values by $46.5 million to reflect a market-based valuation. Of the $46.5 million inventory basis adjustment, $23.1 million was allocated to product and work-in-process inventories, of which approximately $19.9 million was included in cost of goods sold in 2005 and the $3.2 million remaining product and work-in-process inventory basis adjustment was recognized in the first quarter of 2006. The remaining $23.4 million inventory basis adjustment, which was allocated to the long-term stockpiles, will be realized over the mine life. Additionally, a long-term lease was classified as a capital lease resulting in an increase in plant and equipment, and current and other long-term liabilities, of $26.7 million. The valuation also resulted in a $13.6 million increase in the value of our 50 percent interest in our investment in Cockatoo Island and assignment of $8.4 million of goodwill, which is not deductible for tax purposes. The increase in the value of Cockatoo Island was based upon a disco [illegible]

Notes to Consolidated Financial Statements — (Continued)

Included in the consolidated financial statements are the following amounts relating to geographic locations:

	[illegible]	2005	2004
Revenue (1)			
United States	[illegible]	$ 1,007.6	$ 919.7
Canada	[illegible]	454.1	231.2
China	[illegible]	232.6	56.6
Japan	[illegible]	54.9	
Other countries	[illegible]	3.4	6.9
Total revenue	[illegible]	$ 1,752.6	$ 1,214.4
Long-lived assets			
Australia	[illegible]	$ 485.9	
United States	[illegible]	322.8	$ 285.8
Canada	[illegible]	19.3	16.9
Total long-lived assets	[illegible]	$ 828.0	$ 302.7

(1) Revenue is attributed to countries based on the location of the customer and includes both *Product sales and services* and *Royalties and management fees*

At December 31, 2006, Cliffs, including its share of unconsolidated ventures, had environmental and mine closure liabilities of $122.2 million, of which $13.6 million was classified as current. Payments in 2006 were $15.6 million (2005 — $5.6 million). Following is a summary of the obligations:

Notes to Consolidated Financial Statements — (Continued)

The environmental liability includes our obligations related to five sites that are independent of our iron mining operations, two former iron ore-related sites, two leased land sites where we are lessor and miscellaneous remediation obligations at our operating units. Four of these sites are Federal and State sites where we are named as a PRP: the Rio Tinto mine site in Nevada, the Milwaukee Solvay site in Wisconsin, and the Kipling and Deer Lake sites in Michigan. In addition, we recorded $4.5 million of additional clean-up expense related to a PCB spill at Tilden in 2006 ($5.2 million was previously accrued in December 2005) as *Miscellaneous — net* in the Statements of Consolidated Operations.

Milwaukee Solvay Site

In September 2002, we received a draft of a proposed Administrative Order by Consent from the EPA, for clean-up and reimbursement of costs associated with the Milwaukee Solvay coke plant site in Milwaukee, Wisconsin. The plant was operated by a predecessor of ours from 1973 to 1983, which predecessor we acquired in 1986. In January 2003, we completed the sale of the plant site and property to a third party. Following this sale, we entered into an Administrative Order by Consent (“Solvay Consent Order”) with the EPA, Ke stratom on ererK K lant waaaaaOrder”) wi h heS aonsehe EPm on ererK K eueill aton.

Notes to Consolidated Financial Statements — (Continued)

being conducted in accordance with a Consent Order between the NDEP and the RTWG composed of Cliffs, Atlantic Richfield Company, Teck Cominco American Incorporated, and E. I. du Pont de Nemours and Company. The Consent Order provides for technical review by the U.S. Department of the Interior Bureau of Indian Affaio, tniopd Ric

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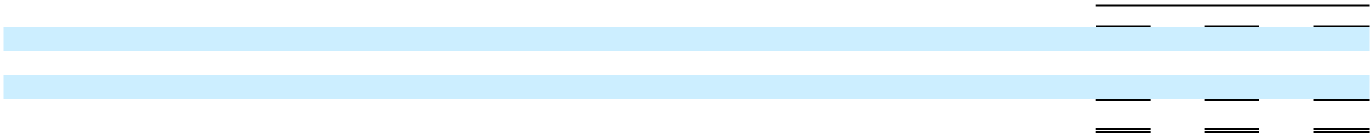


Notes to Consolidated Financial Statements — (Continued)

Fair value of plan assets	$ 255.6	$ 312.8	$ 33.1	$	$ 21.8	$ 28.2	$ 651.5
Benefit obligation	(253.4)	(449.0)	(45.0)	(3.5)	(21.2)	(30.7)	(802.8)
Funded Status	$ 2.2	$ (136.2)	$ (11.9)	$ (3.5)	$ .6	$ (2.5)	$ (151.3)

Our net pension liability of $151.3 million at December 31, 2006 is recorded as $140.4 million in *Pensions,* nothing recorded in current liabilities as *Pensions*, $2.2 million as *Prepaid Pensions — Salaried*, and $13.1 million reflected as equity investments.

Fair value of plan assets	$ .1	$ 126.6	$	

VEBA & CLIR Contracts

Assets for other benefits include VEBA trusts and deposits relating to insurance contracts (“CLIR”) pursuant to bargaining agreements that are available to fund retired employees’ life insurance obligations and medical benefits. The other benefit plan asset allocation at December 31[10]

Notes to Consolidated Financial Statements — (Continued)

The components of the provision for income taxes on continuing operations consisted of the following:

	[illegible]	2005	2004
Current provision:			
North American federal	[illegible]	$ 64.3	$ 47.0
North American state / provincial & local	[illegible]	3.4	4.7
Australian	[illegible]	21.5	
	[illegible]	89.2	51.7
Deferred provision (benefit):			
North American	[illegible]	[illegible]	(86.7)
Australian	[illegible]	(14.5)	
	[illegible]	(4.4)	(86.7)
Total provision (benefit) on continuing operations	[illegible]	$ 84.8	$(35.0)

Our 2006 current provision for North American federal income taxes is the sum of U.S. federal income tax of $59.0 million and Canadian federal income tax credits of $4.0 million. The provision for North American state/provincial and local income taxes is the sum of U.S. state and local income taxes of $2.1 million, and Canadian provincial income tax credits of $.7 million.

Our 2006 North American provision for deferred income taxes of $9.9 million from operations primprim

Notes to Consolidated Financial Statements — (Continued)

Under Australian income tax law, capital losses are deductible from taxable capital gains, not from ordinary taxable income, but can be carried forward indefinitely. Further, we must satisfy either a continuity of ownership test or a same business test to claim a deduction for past losses. Due to theS

Notes to Consolidated Financial Statements — (Continued)

A summary of our non-vested shares as of December 31, 2006 is shown below:

Nonvested, beginning of year	1,017,154	$ 16.66
Granted	281,370	45.20
Vested	(277,488)	10.44
Forfeited/expired	(307,456)	5.05
Nonvested, end of year	713,580	$ 35.33

The total compensation cost related to non-vested awards not yet recognized is $6.1 million.

Effective January 1, 2003, we adopted the fair value method, which was considered the preferable accounting method for recording stock-based employee compensation as contained in SFAS 123. As prescribed in SFAS 148, we elected to use the "prospective method". The prospective method requires expense to be recognized for all awards granted, modified or settled beginning in the year of adoption. Historically, we applied the intrinsic method as provided in APB No. 25, *Accounting for Stock Issued to Employees* and related interpretations, and accordingly, no compensation cost had been recognized for stock options in prior years. As a result of adopting the fair value method for stock options, any future awards will be expensed over the stock options' vesting period. The following table illustrates the pro forma effect on our net income and earnings per common share as if we had applied the fair value recognition provisions of SFAS 123 to all awards unvested for the previous two years:

	2005	2004
Net income as reported		

Notes to Consolidated Financial Statements — (Continued)

events, which include the acquisition of, or tender or exchange offer for, 20 percent or more of our common shares. There are approximately 672,000 common shares, reserved for these rights. We are entitled to redeem the rights upon the occurrence of certain events.

The carrying amount and fair value of our financial instruments at December 31, 2006 and 2005 were as follows:

			2005	
			Carrying Value	

consideration. We recorded the $.5 million option payment and one million common shares (valued at approximately $.2 million on the agreement date) under the deposit method and deferred recognition of the gain. We classified the PolyMet Corp shares as available-for-sale and recorded mark-to-market changes in the value of the shares to other comprehensive income.

On November 15, 2005, we reached an agreement with PolyMet regarding the tee

To the Board of Directors and Stockholders of
Cleveland-Cliffs Inc
Cleveland, OÃ

[illegible]	[illegible]
[illegible], 67, Former President and Chief Executive Officer of IPSCO Inc., a North American steel producing company, from February 1982 through January 2002. Mr. Phillips is a Director of Canadian Pacific Railway Limited, Imperial Oil Limited and Toronto Dominion Bank.	2002
[illegible], 63, Chief Executive Officer of RKR Asset Management, a consulting organization since June 2006. Mr. Riederer served as Chief Executive Officer (from January 1996) and President (from January 1995) of Weirton Steel Corporation, a steel producing company, through February 2001. Mr. Riederer is a Director of First American Funds, Chairman and Director of Idea Foundry, and serves on the Board of Trustees of Franciscan University of Steubenville.	2002
[illegible], 67, Professor of Law at the Yale Law School and Professor at the Yale School of Management since 1987.	1991

Mr. Brinzo, who retired from Cleveland-Cliffs effective September 1, 2006, and Mr. Gunning, Chairman and Vice Chairman, respectively, retired from the Board of Directors effective May 8, 2007. Both retirements had been expected.

[illegible]

Section 16(a) of the Securities Exchange Act of 1934 requires our Directors and officers and persons who own ten percent or more of a registered class of our equity securities to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the SEC. Directors, officers and ten percent or greater shareholders are required by SEC regulations to furnish us with copies of all Forms 3, 4 and 5 they file.

Based solely on our review of the copies of such forms we have received, and written representations by such persons, we believe that all of our Directors, officers and ten percent or greater shareholders complied with all filing requirements applicable to them with respect to transactions in our equity securities during the fiscal year ended December 31, 2006. Due to an administrative oversight, an exchange of a deferred cash bonus for shares on behalf of Mr. Trethewey transacted on February 13, 2007 was reported March 7, 2007. It has also come to our attention that eight Forms 4 filed on March 15, 2004 were two days late because they incorrectly identify March 11, 2004, ratoo an e 4,

Executive Compensation.

Introduction

We are the largest producer of iron ore pellets in North America and sell the majority of our pellets to integrated steel companies in the United States and Canada. In 2006, we operated a total of six iron ore mines located in Michigan, Minnesota and Eastern Canada, producing 33.6 million tons of pellets (20.8 million tons being our share) and generating $1.3 billion in pellet sales revenue. In addition, we are the majority owner of Portman Limited, an iron ore mining company located in Australia, serving the Asian iron ore markets. Portman provided US$361 million in revenue to Cleveland-Cliffs.

Most of our sales are under multi-year term supply agreements. These agreements are subject to various price escalators, including world settlement prices for iron ore pellets, hot-band steel prices, the producer price index, and other similar factors. As a result of these escalators, we have limited direct control over pricing for our product in the short-term.

Our market has also been substantially altered by the significant increase in worldwide demand for iron ore products over the last several years. Our revenues have grown from under $900 million annually in 2003 to $1.9 billion in 2006 (including our share of Portman’s revenues).

Both of these factors (significant price increases driven by market factors and rapid revenue growth) have had a meaningful impact on our executive compensation in recent years. Specifically, the Compensation and Organization Committee, which we refer to as the Compensation Committee, has sought to strike a balance in program design and execution among several competing objectives, including:

- Attraction and retention of executive talent
- Recognition for business performance
- Maintaining focus on controllable results
-

- Oversee our equity-based employee incentive compensation plans and approve grants (except grants or awards under plans relating to Director compensation, which are administered by the Board Affairs Committee);
- Ensure that the criteria for awards under our incentive and equity plans are appropriately related to our oper the Bin ar rs Òately re

For 2006, the MPI Plan was funded at 130 percent of the aggregate target bonuses. The Compensation Committee arrived at this funding level by taking the following factors into consideration:

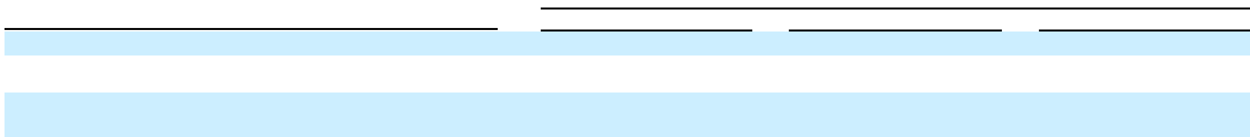
- Preliminary results for 2006 pre-tax earnings were reviewed in

Section 162(m). The Compensation Committee will select the method for computing the amount of each award that a participant will be paid and such method will be stated in terms of an objective formula or standard. At the end of each plan year, the Compensation Committee will determine each participant's award based on our performance against the relevant performance objective(s) for that plan year and will certify achievement of the objective(s) prior to payment of any award.

Long-Term Incentives. The objectives of our long-term incentives are to reward executives for sustained performance over multiple years while recognizing the potential volatility of industry conditions and limiting the potential for undue windfalls or losses to executives for factors outside of management's control. In addition, our long-term incentive programs are designed to enhance retention of executives by delaying the vesting of compensation opportunities, and to align the long-term interests of executives with shareholders through the use of equity to deliver compensation.

Administrative Process: Long-term incentive awards for senior executives are generally made annually and are based on the executive's position, experience, performance, prior equity-based compensation awards, and competitive equity-based compensation levels. The grant date is the date of the Compensation Committee approval or a later date as set by the Compensation Committee. Grants for new hires or promotions are approved by the Compensation Committee at the next regularly scheduled Compensation Committee meeting following the hire or promotion date or in a special meeting, as needed. The grant date for new hire or promotional grants is the date of such approval or such later date as the Compensation Committee determines. We do not time grants to coordinate with the release of material non-public information.

As with base salaries, the review of market practices in 2006 indicated that we were below the desired market pay positioning for total compensation, ¦f



incentive opportunity based solely on executives remaining with us. In 2006, the Compensation Committee awarded executive officers 15 percent of their long-term incentive opportunity in the form of retention units. Each retention unit represents the value of one common share and is payable in cash based upon the participant's continued employment throughout the three-year retention period.

During 2006, the retention units granted on February 1, 2004 to the named executive officers employed on that date vested on December 31, 2006 and were paid out in cash on March 1, 2007, as shown in footnote 6 under the "2006 Option Exercises and Stock Vested Table." Our closing share price on December 29, 2006 of $48.44 per share was used to determine the value of this payout.

Restricted Share Grants: During 2006, the Compensation Committee approved extraordinary restricted share grants for each of the named executive officers, excluding Ms. Brlas. The purpose of these grants was, in part, to reward for extraordinary past performance that, in the judgment of the Compensation Committee, was not otherwise fully recognized in the existing incentive plans. In addition, and at the direction of the Compensation Committee, the size and distribution of these grants for each individual was determined based on the CEO's assessment of current and future potential contribution to us. Each restricted share grant vests at the end of three years for Messrs. Carrabba, Gunning, and Gallagher.

Since restricted share grants became immediately taxable for retirement eligible participants, which included Messrs. Brinzo and Calfee in 2006, one-half or their grant value was delivered in the form of restricted shares (with immediate vesting because they are retirement eligible) and one-half in the form of cash. The cash portion of the grant is reflected in the "2006 Summary Compensation Table" under the "Bonus" column for Messrs. Brinzo and Calfee.

On March 13, 2007, the Compensation Committee and Board of Directors approved, subject to shareholder approval, the 2007 Incentive Equity Plan, which we refer to as the 2007 ICE Plan, to replace the existing incentive plans. The 2007 ICE Plan authorizes a certain amount of common shares to be issued as stock options, stock appreciation rights, restricted shares, restricted share units, retention units, deferred shares, performance shares, or performance units. The Compensation Committee will have the power and authority to administer the 2007 ICE Plan, to interpret the terms and intent of the 2007 ICE Plan, determine eligibility for and the terms of awards for participants, and make all other determinations for the administration of the 2007 ICE Plan.

Retirement and Deferred Compensation Benefits

Defined Benefit Pension Plan: We maintain a defined benefit pension plan, which we refer to as the Pension Plan, and a supplemental executive retirement program, which we refer to as the SERP and in which all of the named executive officers are eligible for participation following one year of service. The Compensation Committee believes that pension benefits are a typical component of total remuneration for employees and executives in industries similar to ours and that providing such benefits is important to delivering a competitive package to retain employees. The objective of the SERP is to provide benefits above the statutory limits for qualified pension plans for highly paid executives.

In July 2003, benefit levels under the prior final-average pay defined benefit pension formula for all salaried employees were frozen, and participants began accruing benefits under a new cash-balance pension formula. This change was made and based upon market practices as a means of reducing our current pension obligations given the difficult performance environment at the time.

During 2006, the Compensation Committee approved an adjustment to the previous and future accruals under the Pension Plan and the SERP. Specifically, with guidance from the plan actuary, the Compensation Committee determined that the transition date for the final average pay formula would be retroactively shifted from July 2003 to July 2008. This change will provide up to five mor tfrp.

In evaluating these changes as they impacted our named executive officers, the Compensation Committee considered market practices, our financial history, the specific impact on these changes for each executive individually and on a relative basis to each other, and the total compensation pay history for each executive to ensure that the Compensation Committee had not previously pr yy mi

shareholders if a qualified offer to acquire us is made, in that each of the named executive officers would likely be aware of or involved in any such negotiation and it is to the benefit of shareholders to have the executives negotiating in our best interests without regard to their personal financial interests.

The agreements generally provide for the following change-in-control provisions (see accompanying narrative below for more details):

- Automatic vesting of unvested equity incentives upon change-in-control
- Three (3) times annual base salary and target annual incentive as severance upon termination following a change in control, and continuation of welfare benefits for three years
- Full tax gross-up payments on any excise taxes imposed upon any change in control payments
- Non-compete, confidentiality, and non-solicitation provisions for executives who receive severance payments following a change in control

Exchange Act Rule 10b5-1 plans: Both Mr. Brinzo and Mr. Calfee each have entered into Rule 10b5-1 Trading Plans with a third-party broker. The objective of these plans is to allow the executives who may otherwise be subject to trading restrictions due to potential insider knowledge of Cleveland-Cliffs to sell a specified number of shares on specified dates and at specified prices without regard to whether there is a trading blackout in effect. By entering into a plan in advance with a third-party broker and by eliminating the personal ability to time the sales of common shares, executives with such plans can legally sell shares without running the risk of violating insider trading rules. Mr. Brinzo [illegible]

Our General Counsel nerate utuntunl 1 1 ith t sp

Column (d) of the table, “Bonus”, discloses non-incentive special payments to certain executives whether such payments were designated bonus or not. Such payments include payments to Mr. Calfee and Mr. Brinzo in cash of 50 percent of the award each of them would otherwise have received as restricted shares under the Cleveland-Cliffs Inc 1992 Incentive Equity Plan, which we refer to as the ICE Plan. Since the restricted share agreements do not forfeit the restricted shares of employees who retire, both Mr. Calfee and Mr. Brinzo, who are retirement eligible, were taxed on the value of the restricted shares on the date of grant. The payment of 50 percent of the award in cash was intended to assist them in paying the taxes on the restricted shares award. Column (d) also includes a special signing bonus and guaranteed bonus payable to Ms. Brlas who was employed as our CFO and Treasurer on December 11, 2006. Amounts payable to the named executive officers under our annual bonus program, the MPI Plan, are not shown in column (d) but are instead shown under column (f), “Non-Equity Incentive Plan Compensation.”

Column (e) of the table, “Stock Awards,” reflects the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2006 in accordance with SFAS 123(R) of performance shares held by the named executive officers. Performance shares vest and become payable at the end of a three-year performance period. The performance share grants are described more fully in the “Compensation Discussion and Analysis” section above.

Column (e) of the table, “Stock Awards,” also reflects an amount under SFAS 123(R) relating to performance shares granted to the named executive officers under our LTIP which retention units are measured by the value of our common shares but are payable in cash rather than common shares. Such retention units vest and become payable at the end of the third year in the three-year period that includes the date of grant. The retention units are described more fully in the “Compensation Discussion and Analysis” section above.

In addition, column (e) of the table, “Stock Awards,” reflects the amount under SFAS 123(R) relating to restricted shares held by the named executive officers under our ICE Plan which restricted shares normally vest and the restrictions lapse at the end of the third year in the three-year period that includes the date of grant. The restricted share awards are described more fully in the “Compensation Discussion and Analysis” section above.

As noted above, column (f), “Non-equity Incentive Plan Compensation,” includes amounts payable to the named executives under our executive

(4) This represents one-fourth of the restricted shares that were granted on March 10, 2003. These restricted shares vested on March 10, 2006 with a fair market value of $42.00 (on a post-split basis).

(5) This represents a performance share award granted on March 8, 2004 for the 2004-2006 performance period paid out to participants on March 1, 2007 at a fair market value of $60.58 per share on February 26, 2007. The performance shares would have been, based on the performance criteria, paid out at 175 percent. However, because of the maximum cap on payments, they were actually paid at 71 percent of the uncapped value, which was 133 percent.

(6) This represents an award of retention units under the LTIP paid out to participants for the 2004-2006 performance period.

The table below shows the present value of accumulated benefits payable to the each named executive officer and the number of years of service credited to each such named executive officer under the Pension Plan and the SERP. The calculation was determined using interest rate and mortality rate assumptions consistent with those used in our financial statements.

The Pension Plan provides participants, including the named executive officers, with the greater of:

(a) the sum of:

(1) For service with us through June 30, 2008, his or her accrued benefit under the plan's Final Average Pay Formula described below; and

(2) For service with us after June 30, 2008, his or her cash balance credits and interest under the Cash Balance Formula described below; or

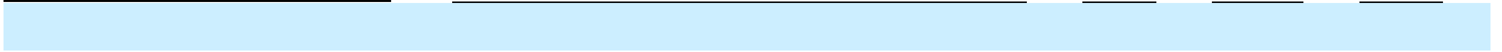
(b) the sum of:

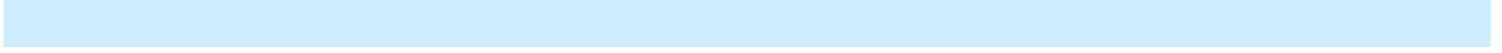
(1) For service with us through June 30, 2003, his or her accrued benefit under the Final Average Pay Formula described below; and

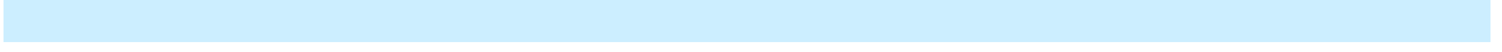
(2) For service with us after June 30, 2003, his or her cash balance credits and interest after June 30, 2003 under the Cash Balance Formula described below.

The Final Average Pay Formula provides a benefit that is generally based on a 1.65 percent pension formula. For each year of service up to June 30, 2003 or June 30, 2008, as the case may be, the plan provides 1.65 percent of Average Monthly Compensation. Average Monthly Compensation is defined as the average annual compensation earned during the 60 consecutive months providing the highest such average. The 60 con

The SERP generally provides the named executive officers with the benefits which would have been payable under the Pension Plan if certain Internal Revenue Code limitations did not apply to the Pension Plan. Until November 2006, the SERP provided that each year’s accrued benefits were paid as soon as possible after the end of the year. Thus, in early 2006, the accruals under the SERP for 2005 were paid to all vested participants including Messrs. Calfee, Gallagher and Brinzo. In November, 2006 the SERP was amended effective for 2006 and future accruals, to eliminate the annual payments and to provide that SERP accruals will be paid at retirement.







The table below reflects the compensation payable to each of the named executive officers in the event of termination of such executive’s employment under a variety of different circumstances including the named executive officer’s voluntary termination, involuntary not-for-cause termination, and termination following a change of control. In addition, for Mr. Calfee the amount payable upon his early retirement is shown and for Mr. Brinzo

The following tables show the benefits payable to the named executive officers upon various types of terminations of employment and change in control assuming an effective date of December 29, 2006:

Benefit	***Voluntary Termination or For Cause Termination***	***Retirement***	***Involuntary Termination***	***Change in Control Without Termination***	***Termination Without Cause after Change in Control***
Cash Severance	$	$	$	$	$ 1,755,000
Bonus	$	$	$	$	$ 220,000
Equity					
Restricted Share Grants	$	$	$	$	$
Performance Shares			6,038	330,888	330,888
Retention Units			1,066	58,392	58,392
Total	$	$	$ 7,104	$ 389,280	$ 389,280
Retirement Benefits					
Pension	$	$	$	$	$ 76,600
Retiree Welfare					
Total	$	$	$	$	$ 76,600
Nonqualified Deferred Compensation	$	$	$	$	$
Health & Welfare	$	$	$	$	$ 32,090
Outplacement					54,750
Perquisites					
Tax Gross-Ups					1,062,336
Total	$	$	$	$	$ 1,149,176

Benefit	Voluntary Termination or For Cause Termination	Retirement	Involuntary Termination	Change in Control Without Termination	Termination Without Cause after Change in Control
Cash Severance	$	$	$	$	$ 2,370,000
Bonus	$	$	$	$	$ 260,769
Equity					
Restricted Share Grants	$	$	$ 2,23Ru		

Benefit	Voluntary Termination or For Cause Termination	Retirement	Involuntary Termination	Change in Control Without Termination	Termination Without Cause after Change in Control
Cash Severance	$	$	$	$	$ 1,860,000
Bonus	$	$ 285,000	$	$	$ 201,000
Equity					
Restricted Share Grants	$	$	$ 779,533	$ 779,533	$ 779,533
Performance Shares			1,173,162	1,621,351	1,621,351
Retention Units			207,029	286,121	286,121
Total	$	$	$ 2,159,724	$ 2,687,005	$ 2,687,005
Retirement Benefits					
Pension	$ 1,674,000	$ 1,674,000	$ 1,674,000	$	$ 1,937,500
Retiree Welfare	164,970	164,970	164,970		169,000
Total	$ 1,838,970	$ 1,838,970	$ 1,838,970	$	$ 2,106,500
Nonqualified Deferred Compensation	$1,268,890	$ 1,268,890	$ 1,268,890	$ 1,268,890	$ 1,268,890
Other Benefits					
Health & Welfare	$	$	$	$	$ 32,090
Outplacement					50,250
Perquisites					73,120
Tax Gross-Ups					1,688,740
Total	$	$	$		$ 1,844,200

The following report has been submitted by the Compensation Committee:

The Compensation Committee of the Board of Directors has reviewed and discussed the Compensation Discussion and Analysis with management. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Cleveland-Cliffs Inc's Annual Report on Form 10-K for the year ended December 31, 2006 and its definitive proxy statement on Schedule 14A for its 2007 annual meeting, as filed with the Securities and Exchange Commission.

Francis R. McAllister, Chairman
James D. Ireland III
Roger Phillips
Richard K. Riederer

Directors who are not our employees receive an annual retainer fee of $32,500 and an annual equity award of $32,500. Board meeting fees and Committee meeting fees are $1,500 and $1,000, respectively. The Lead Director annual retainer fee is $10,000. Annual committee chair retainers are as follows: Audit Committee, $10,000, and Board [illegible]

The Nonemployee Directors' Compensation Plan (as Amended and Restated as of January 1, 2005), which we refer to as the Directors' Plan, implements the annual equity grant program referenced above. Directors who are under age 69 on the date of the annual meeting receive an automatic annual grant of $32,500 worth of restricted shares with a [illegible]

prorated for any service less than five years. Directors who join the Board on or after January 1, 1999 are not eligible to participate in either plan.

On January 14, 2003, the Board of Directors adopted respective amendments to both plans to provide for a voluntary immediate lump sum cash-out election of the present value of the accrued pension and deferred benefits to all nonemployee Directors participating under both plans. Under the terms of both plans, as amended, the lump-sum benefit was payable to the participants on June 30, 2003. Of the 14 participants, three elected not to participate in the lump sum benefit. The aggregate value for participants electing a payout was approximately $2.3 million. The payout election by the 11 participants means those participants have no further opportunity for a pension adjustment under either plan for future changes in our annual retainer. Mr. Ireland is the only current Director eligible for a retirement benefit, which will be paid from the 1984 Plan.

We have trust agreements with KeyBank National Association relating to the Directors’ Plan, the 1984 Plan and the 1995 Plan, in order to establish arrangements for the funding and payment of our obligations under such plans.

[illegible]

The following table, supported by the accompanying footnotes and narrative, sets forth for fiscal year 2006 all compensation earned by the individuals who served as our nonemployee Directors at any time during 2006.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R. C. Cambre	51,500	16,538		68,038
R. Cucuz(4)	23,750	23,292		47,042
S. M. Cunningham	51,000	14,271		65,271
B. J. Eldridge	47,000	16,216		63,216
J. D. Ireland III	58,000	16,538	580	75,118
F. R. McAllister	69,000	16,538		85,538
R. Phillips	53,000	26,862		79,862
R. K. Riederer	68,000	26,862		94,862
A. Schwartz	56,000	16,538		72,538

(1) The amounts listed in this column reflect the cash dollar value of all earnings in 2006 for quarterly Board and Chairman retainers and [illegible]

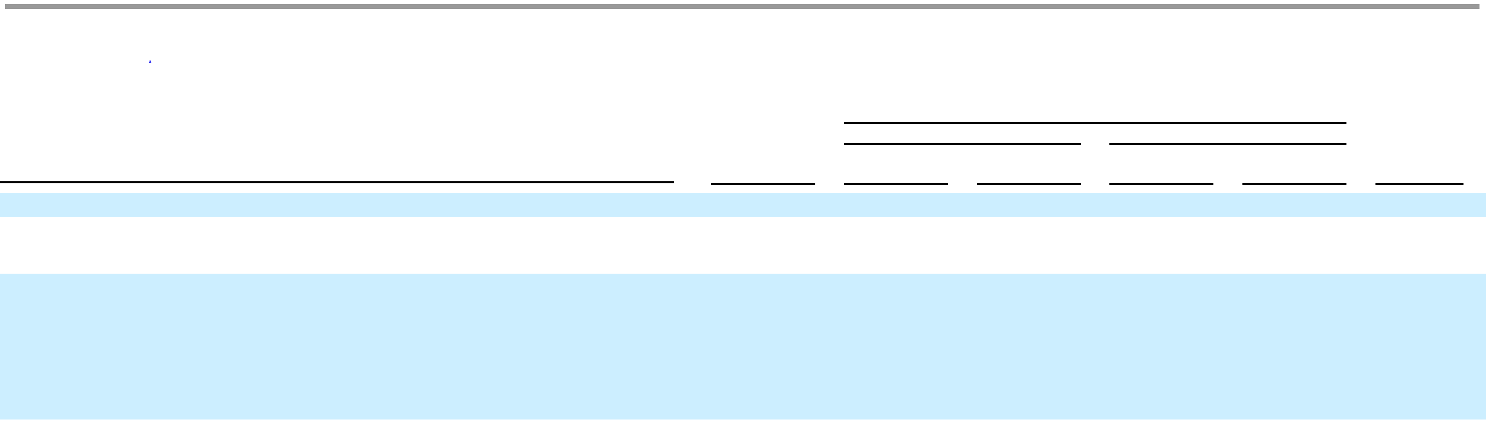
restricted shares having a grant date fair market value of $49.

Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The table below sets forth certain information regarding the following equity compensation plans of ours as of December 31, 2006: the ICE Plan, the MPI Plan, the Mine Performance BIBl qB,n

The Mine Plan provides an opportunity for senior mine managers to earn cash bonuses. Bonuses earned under the Mine Plan are determined and paid quarterly to the participants. Certain participants may elect to defer all or part of their quarterly cash bonuses under the VNQDC Plan. These participants in the Mine Plan may further elect to have his or her deferred cash bonus credited to an account with deferred common shares. Each year these participants under the Mine Plan must make their bonus exchange shares election (for the four quarters of that year). Such elections must be made by December 31 of the year prior to the year in which the quarterly bonuses are earned. As with the participants electing bonus exchange shares under the MPI Plan, participants under the Mine Plan electing bonus exchange shares will receive or be credited with restricted bonus match shares in an amount of 25 percent of the bonus exchange shares with the same five-year vesting period.

The VNQDC Plan was originally adopted by the Board of Directors to provide certain key management and highly compensated employees of ours or our selected affiliates with the opportunity to defer receipt of a portion of their regular compensation in order to defer taxation of these amounts. The VNQDC Plan also permits deferral of bonus awards under the MPI Plan, the Mine Plan, and Performance Share Plan (awarded under the ICE Plan). In addition, the VNQDC Plan contains the Management Share Acquisition Program, or MSAP, whose purpose is to provide designated management employees with the opportunity to acquire deferred interests in common shares through h deferral of their bonus ... pportals 2s throughghg Prse compensat on hethn Pro employees with the opportund ine to acquirpoide deeipt of a acon, orfidees with thitydden d Perform



(8) The information shown above and in this foot 9

because they are Former Chairman, President and Chief Executive Officer, and Vice Chairman, respectively. Mr. Brinzo retired on September 1, 2006. Mr. Gunning resigned as Director on May 8, 2007. Messrs. Carrabba and Gunning are current employees.

Susan M. Green, has been nominated by the Board of Directors to serve as a Director, and if elected to the Board of Directors, will also be an independent Director pursuant to the New York Stock Exchange director independence standards. Ms. Green was proposed as a nominee for the Board of Directors by the USW pursuant to the terms of our 2004 labor agreement. Although Ms. Green was proposed by the USW, the Board of Directors has determined that she does not have any material relationships with the USW and will be, if elected, an independent director.

Since January 1, 2006, there have been no transactions between Cleveland-Cliffs and any of our independent Directors or Ms. Green, other than compensation for service as a director as disclosed below.

Principal Accountant Fees and Services.

Fees for professional services provided by our independent auditors in each of the last two fiscal years, in each of the following categ[illegible]

Exhibits and Financial Statement Schedules.

(a)(1) and (2) — List of Financial Statements and Financial Statement Schedules.

The following consolidated financial statements of Cleveland-Cliffs Inc are included at Item 8 above:

Statements of Consolidated Financial Position — December 31, 2006 and 2005

Statements of Consolidated Operations — Years ended December 31, 2006, 2005 and 2004

Statements of Consolidated Cash Flows — Years ended December 31, 2006, 2005 and 2004

Statements of Consolidated Shareholders' Equity — Years ended December 31, 2006, 2005 and 2004

Notes to Consolidated Financial Statements

The following consolidated financial statement schedule of Cleveland-Cliffs Inc is included herein in Item 15(d) and attached as Exhibit 99(a).

Schedule II — Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

(3) List of Exhibits — Refer to Exhibit Index on pages 161-169 which is incorporated herein by reference.

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

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

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CLEVELAND-CLIFFS INC

By: /s/ LAURIE BRLAS
Name: Laurie Brlas
Title: Senior Vice President, Chief Financial Officer and Treasurer

Date: May 25, 2007

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ J. A. CARRABBA J. A. Carrabba	Chairman, President and Chief Executive Officer and Director (Principal Executive Officer)	May 25, 2007
/s/ L. BRLAS L. Brlas	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	May 25, 2007
/s/ R. J. LEROUX R. J. Leroux	Vice President and Controller (Principal Accounting Officer)	May 25, 2007
* R.C. Cambre	Director	May 25, 2007
* S. M. Cunningham	Director	May 25, 2007
[illegible]		

4(g)	First Amendment to Multicurrency Credit Agreement effective January 31, 2007 by and among Cleveland-Cliffs Inc, and the Required Lenders, and Fifth Third Bank, as Administrative Agent and L/C Issuer	Filed Herewith
4(h)	Second Amendment to Multicurrency Credit Agreement effective February 16, 2007 by and among Cleveland-Cliffs Inc, and the Required Lenders, and Fifth Third Bank, as Administrative Agent and L/C Issuer	Filed Herewith
4(i)	Third Amendment and Waiver to Multicurrency Credit Agreement entered into as of March 30, 2007 by Cleveland-Cliffs Inc, and the Required Lenders, and Fifth Third Bank as Administrative Agent and L/C Issuer	Filed Herewith
4(j)	Fourth Amendment and Waiver to Multicurrency Credit Agreement entered into as of May 23, 2007 by Cleveland-Cliffs Inc, the Required Lenders and Fifth Third Bank as Administrative Agent and L/C Issuer	Filed Herewith
10(a)	* Cleveland-Cliffs Inc Supplemental Retirement Benefit Plan (as Amended and Restated, effective January 1, 2001) (filed as Exhibit 10(c) to Form 10-Q of Cleveland-Cliffs Inc on July 27, 2001 and incorporated by reference)	Not Applicable
10(b)	* Amendment No. 1 to the Cleveland-Cliffs Inc Supplemental Retirement Benefit Plan (as Amended and Restated effective January 1, 2001), dated as of November 13, 2001 (filed as Exhibit 10(b) to Form 10-K of Cleveland-Cliffs Inc on February 5, 2002 and incorporated by reference)	Not Applicable
10(c)	* Amendment No. 2 to the Cleveland-Cliffs Inc Supplemental Retirement Benefit Plan (as Amended and Restated effective January 1, 2001) dated September 11, 2006	Filed Herewith
10(d)	* Amendment No. 3 to the Cleveland-Cliffs Inc Supplemental Retirement Benefit Plan (as Amended and Restated effective January 1, 2001) dated December 29, 2006 and effective December 1, 2006	Filed Herewith
10(e)	* Sev[illegible] Agreement [illegible] dated [illegible]	

[illegible]		[illegible]
10(k)	* Severance Agreement by and between Cleveland-Cliffs Inc and Laurie Brlas dated February 20, 2007 and effective as of January 8, 2007 (filed as Exhibit 10(a) to Form 8-K of Cleveland-Cliffs Inc on February 21, 2007 and incorporated by reference)	Not Applicable
10(l)	* Letter Agreement of Employment by and between Cleveland-Cliffs Inc and Joseph A. Carrabba dated April 29, 2005 (filed as Exhibit 10(b) to Form 10-Q of Cleveland-Cliffs Inc on July 28, 2005 and incorporated by reference)	Not Applicable
10(m)	* Letter Agreement of Employment by and between Cleveland-Cliffs Inc and Laurie Brlas dated November 22, 2006 (filed as Exhibit 10(a) to Form 8-K of Cleveland-Cliffs Inc on November 28, 2006 and incorporated by reference)	Not Applicable
[illegible]	* Letter Agreement of Employment by and between Cleveland-Cliffs Inc and William Brake dated [illegible]	[illegible]

10(y)	* Form of the 2006 Restricted Shares Agreement for David H. Gunning (filed as Exhibit 99(c) to Form 8-K of Cleveland-Cliffs Inc on March 17, 2006 and incorporated by reference)	Not Applicable
10(z)	* Amendment to Restricted Shares Agreements for John S. Brinzo as set forth by Cleveland-Cliffs Inc dated September 18, 2006 and effective as of September 1, 2006	Filed Herewith
10(aa)	* Amendment to Restricted Shares Agreements for John S. Brinzo by Cleveland-Cliffs Inc dated May 17, 2007 and effective as of May 9, 2007	

10(uu)	* Trust Agreement No. 8, dated as of April 9, 1991, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee, with respect to the Cleveland-Cliffs Inc Retirement Plan for Non-Employee Directors (filed as Exhibit 10(kk) to Form 10-K of Cleveland-Cliffs Inc on February 2, 2001 and incorporated by reference)	Not Applicable
10(vv)	* First Amendment to Trust Agreement No. 8, dated as of March 9, 1992, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee (filed as Exhibit 10(ll) to Form 10-K of Cleveland-Cliffs Inc on February 2, 2001 and incorporated by reference)	Not Applicable
10(ww)	* Second Amendment to Trust Agreement No. 8, dated June 12, 1997, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee (filed as Exhibit 10(nn) to Form 10-K of Cleveland-Cliffs Inc on February 5, 2002 and incorporated by reference)	Not Applicable
10(xx)	* Trust Agreement No. 9, dated as of November 20, 1996, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee, with respect to the Cleveland-Cliffs Inc Nonemployee Directors' Supplemental Compensation Plan (filed as Exhibit 10(oo) to Form 10-K of Cleveland-Cliffs Inc on February 5, 2002 and incorporated by reference)	Not Applicable
10(yy)	* Trust Agreement No. 10, dated as of November 20, 1996, by and between Cleveland-Cliffs Inc KeyBank National Association, Trustee, with respect to the Cleveland-Cliffs Inc Nonemployee Directors' Compensation Plan (filed as Exhibit 10(pp) to Form 10-K of Cleveland-Cliffs Inc on February 5, 2002 and incorporated by reference)	Not Applicable
10(zz)	* Cleveland-Cliffs Inc Change in Control Severance Pay Plan, effective as of January 1, 2000 (filed as Exhibit 10(jj) to Form 10-K of Cleveland-Cliffs Inc on March 16, 2000 and incorporated by reference)	Not Applicable
10(aaa)	* Cleveland-Cliffs Inc Voluntary Non-Qualified Deferred Compensation Plan (Amended and Restated as of January 1, 2000) (filed as Exhibit 10(a) to Form 10-Q of Cleveland-Cliffs Inc on July 27, 2000 and incorporated by reference)	Not Applicable
10(bbb)	* Cleveland-Cliffs Inc Long-Term Incentive Program, effective as of May 8, 2000 (filed as Exhibit 10(rr) to Form 10-K of Cleveland-Cliffs Inc on February 2, 2001 and incorporated by reference)	Not Applicable
10(ccc)	* Amendment No. 1 to the Long-Term Incentive Program dated May 8, 2006 and effective as of January 1, 2006 (filed as Exhibit 10(b) to Form 8-K of Cleveland-Cliffs Inc on May 12, 2006 and incorporated by reference)	Not Applicable
10(ddd)	* Cleveland-Cliffs Inc 2000 Retention Unit Plan, effective as of May 8, 2000 (filed as Exhibit 10(ss) to Form 10-K of Cleveland-Cliffs Inc on February 2, 2001 and incorporated by reference)	Not Applicable
10(eee)	* Form of Long-Term Incentive Program Participant Grant and Agreement for Performance Period 2003-2005 (filed as Exhibit 10(pp) to Form 10-K of Cleveland-Cliffs Inc on March 1, 2005 and incorporated by reference)	Not Applicable
10(fff)	* Form of Long-Term Incentive Program Participant Grant and Agreement for Performance Period 2004-2006, as corrected by the Performance Shares and Retention Units Award 2004-2006 Performance Period Tax Election Form containing the Notice of change effective February 1, 2007	Filed Herewith

* Reflects management contract or other compensatory arrangement required to be filed as an Exhibit pursuant to Item 15(c) of this Report.

Exhibit	Description	
10(ggg)	* Form of Long-Term Incentive Program Participant Grant and Agreement for Performance Period 2005-2007 (filed as Exhibit 10(a) to Form 8-K of Cleveland-Cliffs Inc on March 15, 2005 and incorporated by reference)	ch 15ntivtiv0

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Agreements") providing for a US$200 million credit facility and the creation of ancillary security interests, which will include limited recourse to quotaholders.

F. Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, all of the Shares upon the terms and conditions set forth in this Agreement.

G. MMX S.A. is the record and beneficial owner of 4,639,512 quotas, R$1.00 par value, of MMX Amapá, which quotas constitute as of the date hereof and will constitute as of the Closing 70% of the issued and outstanding quotas of MMX Amapá.

H. Batista is the ultimate owner of Seller and desires that such sale and purchase of the Shares be consummated on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises, covenants and agreements set forth herein, the parties hereto hereby agree as follows:

1.1 Sale and Purchase of Shares. At the Closing, Seller shall sell, assign and transfer all of the Shares to Buyer, and Buyer shall purchase and acquire all of the Shares from Seller, free and clear of all Liens.

1.2 Purchase Price. In consideration for the Shares, at the Closing Buyer shall pay or cause to be paid to Seller an aggregate purchase price of US$133 million (the "Purchase Price"); such transfer and Purchase Price shall be carried out and payable as provided in this Article I.

1.3 Exchange Transaction. At the Closing, Seller shall offer the Shares for sale in a "block trade" transaction consisting of 100% of the Shares, on the Stock Exchange, and Buyer shall submit a valid and binding bid for all the Shares at the Purchase Price (converted into Reais at the Exchange Rate on the Business Day immediately preceding its submission) (the "Bid") through a qualified broker (the "Exchange Transaction"). Seller shall offer the Shares by such time as is required under the rules of the Stock Exchange and the CVM and other applicable Laws in order for the deadline for submitting bids in the Exchange Transaction to expire at 12:30 p.m. (or at any such other time as the parties may agree) on the Closing Date, and Buyer shall submit the Bid prior to such expiration time. If the Bid is confirmed by the Stock Exchange as the winning bid for the purchase of any or all of the Shares in the Exchange Transaction, then Buyer and Seller shall settle such purchase and sale in accordance with the rules of the Stock Exchange and the CVM and other applicable Laws.

1.4 Fees, Expenses and Indemnity. The fees and expenses of the Stock Exchange and the broker incurred by the parties hereto in connection with the Exchange [illegible]

any Contracts to which Seller is a party or by which any of the Shares is bound, or (iii) dst

Amapá Subsidiaries is a sociedade limitada empresária duly organized and validly existing in accordance with the Laws of Brazil. Each of the Q[illegible] La

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(viii) Any Contract under which an Amapá Company is (i) a lessee of, or holds or uses, any machinery, equipment, vehicle or other tangible personal property owned by a third Person, (ii) a lessor of real property, or (iii) a lessor of any tangible personal property owned by an Amapá Company, in each case which requires annual payments in excess of US$250,000;

(ix) Any Contract [illegible]

(x) Any Contract [illegible]

expected to prevent the issuance of all other Permits that will be necessary for the development, construction and operation of the business of any Amapá Company as proposed to be conducted.

3.2.8 Financial Statements; Undisclosed Liabilities.

(a) Schedule 3.2.8(a) contains (i) unaudited balance sheets of MMX Amapá at December 31, 2004 and 2005 and the related statements of operations and statements of sources and uses of funds for the fiscal years then ended, (ii) unaudited balance sheets of MMX Amapá and of Logística at June 30, and September 30, 2006 (such balance sheets at September 30, 2006 of each of MMX Amapá and Logística being defined as the "Balance Sheet") and the related statements of operations and statements of sources and uses of funds for the fiscal periods then ended and (iii) audited balance sheets of the Quotaholder at June 30, and September 30, 2006 and the related statements of operations and statements of sources and uses of funds for the fiscal periods then ended, accompanied by the accountants reports thereon. Such financial statements present fairly, in all material respects, the financial position of the Amapá Companies to which they relate as of the dates thereof and the results of their operations and cash flows for the periods specified therein in conformity with the regulations of the Brazilian Securities Commission (CVM) and with Brazilian generally accepted accounting principles, consistently applied. All liabilities reflected on the Balance Sheet running to MMX S.A o

(b) and except for the collective bargaining agreement that is currently being negotiated by MMX Amapá with the relevant labor union, a true and accurate copy of the current draft of which has already been provi

proceedings or investigations against any of the Amapá Companies or otherwise relating to its activities or business or to any parcel of Amapá Real Property.

3.2.14 Taxes.

(a) Each of the Amapá Companies has timely filed (or has had filed on its behalf) or caused to be timely filed with the appropriate national, state, local and foreign taxing authorities all returns, reports and information returns and statements relating to Taxes (including amendments thereto) (collectively, "Tax Returns") required to be filed by it on or prior to the Closing Date (taking into account all extensions of due dates). All such Tax Returns were correct and complete in all material respects.

(b) Each of the Amapá Companies has timely paid all Taxes owed by it. No penalties or other charges are due with respect to the late filing of any Tax Return of the Amapá Companies required to be filed on or before the Closing Date (taking into account all extensions of due dates). Each of the Amapá Companies has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor or other third party. The unpaid Taxes of the Amapá Companies through the Closing Date will not exceed the respective provisions established therefor (applied separately on a provision-by-provision basis), which provisions are reflected on Schedule 3.2.14(b).

(c) The Amapá Companies file Tax Returns only in Brazil; no Tax Return filed by any Amapá Company has been audited. There are no waivers or extensions of any applicable statute of limitations, or agreements to any extension of time, for the assessment or collection of such Taxes with respect to any such Tax Returns, which waivers, extensions or agreements currently are in effect. To the Knowledge of Seller, since January 1, 2003, no claim has been made by an authority in a jurisdiction where the Amapá Companies do not file Tax Returns that they are or may be subject to taxation by that jurisdiction, and no such claim exists.

(d) None of the Amapá Companies (i) has been the subject of any determination by any taxing authority or other Governmental Authority in respect of Taxes that would have a continuing effect afgy taxing d her GoveAhthotss otâre the Am oinui Nhereheâs thosm heâs tho t oAm oaf None of tnui nd no simec sns ret

3.2.15 Insurance. Schedule 3.2.15 sets forth a true and complete list of all ma[illegible] of life, fire, workmen's compensation, product liability, general liability, automobile and other forms of insurance, including title insurance, owned or maintained by an Amapá Company, true, complete, and correct copies of which Seller has provided to Buyer. Schedule 3.2.15 also sets forth a brief description of all material outstanding insurance claims made by, on behalf of, or against any insurance policy listed thereon.

3.2.16 Orders and Litigation. Except as set forth on Schedule 3.2.16, there are no Orders or Litigation by any Amapá Company or against any Amapá Company or any of their assets either pending or, to the Knowledge of Seller, threatened, which involve an amount in excess of US$100,000 individually or US$250,000 in the aggregate [illegible] the property and assets, or material rights or obligations, of any Amapá Company. To the Knowledge of Seller, there is no [illegible] Order or Litigation.

3.2.17 Compliance With Laws. [illegible] Each of the Amapá Companies has complied in all material respects with, and is not in violation of or in default in any material respect under, any Laws or Orders applicable to it or to the conduct of its business.

3.2.18 Conduct of Business. Since December 31, 2005, (a) the business of the Amapá Companies has been conducted only in the Ordinary Course of Business (including in respect of the payment or declaration of any dividends or other distributions) and (b) there has not occur[illegible] of their

3.2.22 Texaco Easement. It

3.4 Representations and Warranties of Buyer. Buyer represents and warrants to Seller as of the date hereof and as of the Closing as follows:

3.4.1 Organization, Good Standing and Authority. Buyer is a corporation duly organized, validly existing and in good standing under the laws of Luxembourg. Buyer has the requisite power and authority to own, operate and lease its properties and to carry on its business as presently being conducted. Buyer is duly qualified to do business and is in good standing in each jurisdiction necessary for Buyer to consummate the transactions contemplated by this Agreement and the Ancillary Agreements.

3.4.2 Authorization, Validity and Non-Contravention. This Agreement has been, and at the Closing the Ancillary Agreements will have been, duly and validly executed and delivered by Buyer and, assuming the due execution thereof by Seller and any other parties thereto, constitutes, or will constitute, in the case of the Ancillary Agreements to be executed at the Closing, the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with their respective terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting generally the enforcement of creditors interests and (b) the availability of equitable remedies (whether in a proceeding in equity or at law). Buyer has the requisite power and authority to enter into this Agreement and the Ancillary Agreements and to undertake and perform fully the transactions contemplated hereby and thereby. All necessary action has been taken by and on behalf of Buyer and its Affiliates with respect to the authorization, execution, delivery and performance of this Agreement and the Ancillary Agreements. Neither the execution and delivery of this Agreement and the Ancillary Agreements by Buyer nor the performance of its obligations hereunder or thereunder, as applicable, will (i) violate, conflict with or result in a breach of any Law or Orders binding on Buyer or Buyer's articles of incorporation or (ii) violate, conflict with or result in a breach or termination of, or otherwise give any contracting party additional rights or compensation under, or the right to terminate or accelerate, or constitute (with notice or lapse of time, or both) a default under the terms of, any Contracts to which Buyer is a party or by which Buyer is bound which would prevent the consummation by Buyer of the transactions contemplated by this Agreement and the Ancillary Agreements.

3.4.3 No Brokers or Finders. Except for the brokers that will be engaged for the purposes of the Exchange Transaction, Buyer has not employed, and will not employ, any broker, agent or finder in connection with the transactions contemplated by this Agreement.

3.4.4 No Consents. Except for registration with the Central Bank and the CVM as required under applicable Brazilian law, no Consents are required to be obtained by Buyer in connection with the execution and delivery by Buyer of this Agreement and the Ancillary Agreements or the consummation of the transactions contemplated hereby or thereby.

3.4.5 Independent Investigation. Buyer acknowledges that it has conducted its own independent review and analysis of each of the Amapá Companies and that it has been provided access to records in possession of Seller relating thereto for this purpose. In entering into this Agreement, Buyer has relied solely upon its own investigation and analysis and the representations and warranties set forth in this Agreement and any Ancillary

environmental consultants, to make available all

[illegible]

and records, including all files, invoices, forms, accounts, correspondence, production records, technical, accounting, manufacturing and procedural manuals and employment records, relating to the Amapá Project, the Amapá Railway, the Santana Port and the Amapá Companies (collectively, "Records") to the extent reasonably requested by the other in connection with tax and financial reporting matters (including any Tax Return relating to state or local real property transfer or gains Taxes), audits, legal proceedings, governmental investigations and other business purposes; *provided, however,* that nothing herein will obligate any party to take actions that would unreasonably disrupt the normal course of its business, violate the terms of any Contract to which it is a party or to which it or any of its assets is subject or grant access to any of its proprietary, confidential or classified information. The parties hereto will, and will cause their respective Affiliates to, cooperate with each other in the conduct of any Tax audit, claim for refund of Taxes, or similar proceedings involving or otherwise relating to the Amapá Companies or the Amapá Project, the Amapá Railway or the Santana Port (or the income therefrom or assets thereof) with respect to any Tax.

(b) Pre-Closing Tax Liabilities. Seller will pay, and indemnify Buyer from and against, any Taxes (including reasonable attorneys' and accountants' fees and other reasonable out-of-pocket expenses incurred in connection therewith) (i) imposed upon or payable by any Amapá Company with respect to any taxable period or portion thereof that ends on or before the Closing Date or (ii) relating to any payments required to be made under any Tax indemnity, Tax sharing or Tax [illegible] agreement among Seller and the Amapá Companies under which an Amapá Company was obligated, or was a party, on the Closing Date.

(c) Goodwill A[illegible] Batista, as the case may be, will vote and cause its Affiliates to vote in favor of and cause the necessary steps to permit the spin-off of the end

Quotaholders Agreement will be amended to delete the references to and provisions concerning Logística.

4.16 Merger of CCI Brazilian Entity into MMX Amapá. Buyer will vote and cause its Affiliates to vote in favor of and cause to be taken the necessary steps to effect (i) Buyer's contribution of the Shares into a newly formed Brazilian entity ("Newco Brazil") in which Buyer will hold a controlling interest; (ii) the upstream merger of the Quotaholder with and into Newco Brazil ("Upstream Merger"), in which Upstream Merger Newco Brazil will be the surviving entity and (iii) the merger of Newco Brazil, as the surviving entity of the Upstream Merger, with and into MMX Amapá ("Downstream Merger"), in which Downstream Merger MMX Amapá will be the surviving entity, having as quotaholders MMX S.A. and Buyer.

4.17 Provision of Corporate Guarantees. In the context of the Loan Agreements referred to in Section 5.7 hereof or any other debt financing required pursuant to Section 4.9, MMX S.A. and Buyer's ultimate controlling parent Cleveland-Cliffs Inc. shall provide corporate guarantees in favor of the Amapá Project lenders, which guarantees shall terminate upon Amapá Project completion (as this term will be defined in the Loan Agreements).

4.18 Financing of Port Land Acquisitions. MMX S.A. and Seller shall be responsible for paying the purchase price for (i) the 71.57 ha. land at the Santana Port referred to in the Public Deed of Purchase and Sale entered into by MMX Amapá and Amapá Florestal e Celulose S.A. - AMCEL on November 30, 2006, for which the purchase price is R$15.63 million and is to be paid in December 2006, and (ii) the neighboring 57 ha. land at the Santana Port and port, constructions, equipment and other improvements referred to in the Public Deed of Promise to Purchase and Sell entered into by MMX Amapá and Amapá Florestal e Celulose S.A. - AMCEL on November 30, 2006, for which the purchase price is R$10,769,896.17 and is to be paid on January 8, 2008. In respect of the purchase price for the former, before closing, Seller shall cause the Quotaholder to contribute to the capital of MMX Amapá 30% of R$15.63 million and MMX S.A. shall contribute to the capital of MMX Amapá 70% of R$15.63 million. As to the latter, Seller shall provide to Buyer, at Closing, a promissory note of Seller in the principal amount of 30% of R$10,769,896.17 guaranteed by Batista (such note and guarantee [illegible] purchase price is required to be paid to permit Buyer to make the necessary capital contribution to MMX Amapá, and at such time MMX S.A. shall contribute to the capita ua sS. ermit Bu R6 17 annnn

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[illegible]

by or in the Loan Agreements, and (B) in the case of the Quotaholder than reflected on its balance sheet at September 30, 2006 referred to in Section 3.2.8 and no others.

5.10 GIIC Supply Agreement. The GIIC Supply Agreement shall remain in force and effect, and MMX S.A. shall have performed each obligation to be performed by it by the Closing Date.

5.11 Closing Deliveries and Actions. Seller shall have delivered or caused to be delivered to Buyer, and taken such other actions, as follows:

(a) true, correct and complete corporate books of the Quotaholder, and a statement issued by the custodian of the Shares reflecting the transfer of the Shares at Closing;

(b) a certificate of the Secretary of Seller certifying that attached thereto are true and . true as at te

6.4 Deliveries. Buyer shall have delivered or caused to be delivered to Sell

warranties contained in Sections 3.2.13 and 3.2.14 shall survive the Closing and remain in full force and effect until the expiration of the statute of limitations applicable to the matters covered thereby. Notwithstanding the preceding sentence, any representation or warranty in respect of which indemnity is sought under this Agreement will survive the time at which it would otherwise terminate pursuant to the preceding sentence if written notice of an alleged inaccuracy or breach thereof giving rise to such potential right of indemnity shall have been given to the party against whom such indemnity is sought prior to such time; *provided, however,* that the applicable representation or warranty will survive only with respect to the particular inaccuracy or breach specified in such written notice. All covenants and agreements of the parties contained in this Agreement will survive the Closing indefinitely.

7.2 Indemnification by Seller. Subject to the terms and conditions of this ARTICLE VII, Seller shall indemnify, defend and hold harmless Buyer and its Affiliates (including, subsequent to the Closing, the Amapá Companies), and their respective officers, directors, partners, employees, agents and representatives (collectively, the "Buyer Indemnified Persons") from and against, and shall reimburse them for, any and all liabilities, damages, claims, demands, assessments, penalties, fines, judgments, awards, settlements, Taxes, costs, fees (including, but not limited to, attorneys' fees), expenses and disbursements (collectively, "Losses") resulting from or arising in connection with (a) any inaccuracy in any representation or warranty contained in Section 3.1, 3.2, 3.3 or 10.3 of this Agreement, (b) any breach of any covenant or agreement made by Seller in this Agreement, (c) the conduct of the business of IRX and any liability or obligation of or in respect of IRX, whether arising before, on or after the Closing Date, including any Losses relating to the ownership or sale by MMX Amapá of the quotas of IRX, (d) any termination, revocation, withdrawal or diminution in ability to use or exploit the Amapá Railway or the Amapá Railway Concession Agreement resulting from a change of control of Logística or MMX Amapá, (e) the failure by DNPM to approve unconditionally the exploration reports filed by MMX Amapá with respect to tenements DNPM nos. 852.730/93, 858.010/99 and 858.114/04, (f) the class action suit (*acao civil publica*) #2006.31.00.001801-2 filed by the Federal Public Attorney (*Ministerio Publico Federal*) against, *inter alia*, MMX Amapá before the Federal Courts of the city of Macapá and (g) any cost to the Amapá Subsidiaries with respect to securing the right to occupy for exploration and/or mining purposes the overlying properties related to tenements DNPM nos. 852.730/93, 858.010/99 and 858.114/04 in excess, in the aggregate, of US$1 million.

7.3 Indemnification by Buyer. Subject to the terms and conditions of this ARTICLE VII Buyer shall indemnify, defend and hold harmless Seller and its Affiliates, and their respective officers, directors, partners, employees, agents and representatives (collectively, the "Seller Indemnified Persons") from and against, and shall reimburse them for, any Losses resulting from or arising in connection with (a) any inaccuracy in any representation or warranty contained in Section 3.4 of this Agreement and (b) any breach of any covenant or agreement made by Buyer in this Agreement.

7.4 Procedures for Third-Party Claims.

7.4.1 If any Person entitled to seek indemnification under Section 7.2 or 7.3 (an "Indemnified Person") receives notice of the assertion or commencement against such Indemnified Person of a Third-Party Claim with respect to which the party against whom

7.5 Direct Claims. Any claim by an Indemnified Person on account of Losses which does not result from a Third-Party Claim (a "Direct Claim") will be asserted by giving the Indemnifying Party reasonably prompt written notice thereof. Such notice by the Indemnified Person will describe the Direct Claim in reasonable detail, will include copies of all available material written evidence thereof and will indicate the estimated amount, if reasonably practicable, of Losses that have been or may be sustained by the Indemnified Person. The Indemnifying Party will have a period of ten calendar days within which to respond in writing to such Direct Claim. If the Indemnifying Party does not so respond within such ten-day period, the Indemnifying Party will be deemed to have rejected such claim, in which event the Indemnified Person will be free to pursue such remedies as may be available to the Indemnified Person on the terms and subject to the provisions of this Agreement.

7.6 Limitations on Claims for Indemnification. The rights of Buyer Indemnified Persons and Seller Indemnified Persons to indemnification under this ARTICLE VII shall be limited as follows:

7.6.1 Notwithstanding anything to the contrary contained in this Agreement, no Buyer Indemnified Person will be entitled to make a claim for indemnification against Seller under Section 7.2(a) unless and until the aggregate amount of Losses incurred by Buyer Indemnified Persons and indemnifiable under this ARTICLE VII exceeds US$1 million (the "Basket"), in which event the Buyer Indemnified Person may assert rights to indemnification thereunder to the full extent of indemnifiable Losses in respect thereof, and no Seller Indemnified Person will be entitled to make a claim for indemnification against Buyer under Section 7.3(a) unless and until the aggregate amount of Losses incurred by Seller Indemnified Persons and indemnifiable under this ARTICLE VII exceeds the Basket, in which event the Seller Indemnified Person may assert rights to indemnification thereunder to the full extent of indemnifiable Losses in respect thereof; *provided, however,* that the indemnification obligations of Seller, under Section 7.2(a), on the one hand, and of Buyer under Section 7.3(a), on the other hand, will not exceed US$67 million (the "Cap"); *provided further, however*, that claims for indemnification arising out of a breach of the representations or warranties contained in Sections 3.1.1, 3.1.2, 3.1.3, 3.1.7, 3.2.1, 3.2.2, 3.2.3, 3.3.1, 3.3.2, 3.4.1, 3.4.2, 10.3(a) and 10.3(b) shall not be subject to the Basket or Cap.

7.6.2 The amount of Losses for which indemnification is provided under Sections 7.2 and 7.3 shall be computed net of any insurance proceeds received by the Indemnified Person in connection with such Losses, reduced by all costs and expenses related thereto and any premium increase or expense resulting therefrom.

7.6.3 If the receipt of payment in respect of any claims made under Section 7.2 or 7.3 results in the actual realization by the Indemnified Person of a Tax benefit, then the Indemnified Person will promptly reimburse the Indemnifying Party for the amount of the benefit realized. The parties will cooperate in determining the Tax benefit actually realized by the Indemnified Person.

7.6.4 Any failure to give timely notice or to include any specified information in any notice as provided in Section 7.4 or 7.5 will not affect the rights or obligations of any party hereunder, except and only to the extent that, as a result of such failure, any party that

was entitled to receive such notice was deprived of its right to recover any payment under its applicable insurance coverage or was otherwise materially prejudiced as a result of such failure

7.7 Limitation of Liability. The total liability under this Article VII by either Buyer on Seller shall be limited to the Purchase Price.

8.1 Termination of Agreement. This Agreement may be terminated at any time prior to the Closing as follows:

(a) By the mutual written consent of Buyer and Seller;

(b) By Buyer, if there has been a violation or breach by Seller or Batista of any representation, warranty or covenant contained in this Agreement which has prevented the satisfaction of any condition to the obligations of Buyer to consummate the Closing, and such violation or breach has not been waived by Buyer or, in the case of a covenant breach, cured within ten calendar days after written notice thereof from Buyer;

(c) By Seller, if there has been a violation or breach by Buyer of any representation, warranty or covenant contained in this Agreement which has prevented the satisfaction of any condition to the obligations of Seller to consummate the Closing, and such violation or breach has not been waived by Seller or, in the case of a covenant breach, cured within ten calendar days after written notice thereof from Seller; or

(d) By Buyer or Seller, if the Closing has not occurred by March 1, 2007; *provided, however,* [illegible]her Buyer nor Seller will be entitled to terminate this Agreement pursuant to this Section 8.1(d) if such Person's breach of this Agreement (or any breach by Batista, or MMX S.A., in the case of Seller) has prevented the Closing from occurring.

8.2 Effect of Termination. [illegible]

C n e . e t

C e f C b l o n C , e l U

Batista hereby, irrevocably and unconditionally, agrees to cause each of Seller and MMX S.A. to diligently, timely and fully perform each of its obligations under this Agreement and guarantees Seller's and MMX S.A.'s performance of each of its obligations set forth in this Agreement.

C n e . t

t t t f XC X b t o n C , e l U

10.1 Mergers. MMX S.A. hereby agrees that, as a quotaholder of MMX Amapá, it will vote in favor of and cause to be taken the necessary steps to effect the merger of the surviving entity of the upstream merger of the Quotaholder with and into its first tier parent (at the time of such upstream merger) with and into MMX Amapá, in which latter merger (the downstream merger), MMX Amapá will be the surviving entity as provided in Section 4.16 hereof.

10.2 Covenants. MMX S.A. hereby agrees to perform in accordance with their own terms the covenants set forth in Sections 4.7 – Tax Matters, 4.9 – Further Debt Financing, 4.15 – Merger of Logística, 4.17 – Provision of Corporate Guarantees, 4.18 – Financing of Port Land Acquisitions and 4.20 – Direct Services.

10.3 Representations and Warranties. MMX S.A. represents and warrants to Buyer as of the date hereof and as of the Closing as follows:

(a) Organization, Good Standing and Authority. MMX S.A. is a company duly organized, validly existing and in good standing under the laws of Brazil. MMX S.A. has the requisite power and authority to own, operate and lease its properties and to carry on its business as presently being conducted.

(b) Authorization, Validity and Non-Contravention. Each of this Agreement and the Ancillary Agreements to which MMX S.A. is a party has been duly and validly executed and delivered by MMX S.A. and, assuming the due execution of each Agreement by the other parties thereto constitutes the legal, valid and binYtheeeeeeeee of f aŕt ő wh

requirement of any Governmental Authority binding on MMX S.A. or any order, judgment, injunction, award, decree, ruling, charge or writ of any Governmental Authority binding on MMX S.A. or MMX S.A.'s charter documents or (ii) violate, conflict with or result in a breach or termination of any material contracts to which MMX S.A. is a party.

(c) Consents. No consents, approvals, authorizations, waivers or notifications of any Governmental Authority or any other person are required to be obtained by MMX S.A. in connection with the execution and delivery by MMX S.A. of this Agreement or the Quotaholders' Agreement or the consummation of the transactions contemplated hereby or thereby.

11.1 Defined Terms. The following terms when used in this Agreement with initial capital letters have the following meanings:

"Affiliate" means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with the first Person, and any successors or assigns of such Person; and as used in this definition, the term "control" means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person whether through ownership of voting securities, by contract or otherwise.

"Ancillary Agreements" means the Quotaholders' Agreement, the Management Agreement, the Services Agreement, the Inter-Company Iron Ore Supply Agreement, and each agreement, document, instrument or certificate contemplated by this Agreement or to be executed by Buyer, Seller, the Quotaholder or Batista in connection with the consummation of the transactions contemplated by this Agreement.

"Budget" means the budget for 2007 prepared by MMX S.A. and Buyer and attached hereto as Exhibit J.

"Business Day" means a day on which banks are open for business in New York City, New York, and São Paulo, Brazil.

"Consents" means all consents, approvals, authorizations, waivers or notifications of any Governmental Authority or any other Person.

"CPMF" means Brazilian tax on financial transfers.

"CVM" means Comissão de Valores Mobiliários of Brazil, including all successors thereto.

"DNPM" means the Departamento Nacional de Produção Mineral.

"DRI" means direct reduction iron.

“Environment” means fauna, flora, soil, surface waters, groundwaters, land, surface or subsurface strata, ambient air or any other environmental medium.

“Environmental Condition” means a condition with respect to the Environment which has resulted, or is reasonably likely to result, in a material loss, liability, cost or expense to an Amapá Company.

“Environmental Law” means any Law for the protection of the Environment.

“Exchange Rate” means, on the relevant date, the average of the U.S. Dollar commercial sale/purchase exchange rate announced by *Banco Central do Brasil* for such date, through SISBACEN, by means of transaction PTAX800, option 5, accounting rates.

“Exploration Agreement” means the agreement entered into by MMX Amapá with MPBA dated as of June 14, 2005, providing MMX Amapá with the right to explore for, develop and exploit, subject to the terms and conditions thereof, iron and other non-precious metals in certain properties held by MPBA.

“GIIC” means Gulf Industrial Investment Co., a company organized and existing under the Laws of the Kingdom of Bahrain.

“GIIC Supply Agreement” means the Iron Ore Supply Agreement, dated November 9, 2006, among MMX S.A., MMX Amapá, MMX Minas-Rio Mineração e Logística Ltda. and GIIC.

“Governmental Authority” means any international, foreign, federal, state, regional, county, or local Person having governmental or quasi-governmental authority or subdivision thereof, including any federal, state or municipal environmental agencies or authorities, the DNPM, the Port Authority (Capitania dos Portos), the National Agency for Waterway Transportation (Agência Nacional de Transportes Aquaviários – ANTAQ) and, to the extent necessary, the National Land Transportation Agency (ANTT – Agência Nacional de Transportes Terrestres).

“Knowledge of Seller” means the knowledge of the management level employees of Seller and the Amapá Companies having responsibility over the relevant matter, including such knowledge as such persons would have had after due inquiry of all responsible individuals to which the matter pertains.

“Law” means [illegible]

"Third-Party Claim" means any claim, demand, action, suit or proceeding made or brought by any Person that is not a party to this Agreement.

11.2 Additional Terms. The following additional terms have the meanings ascribed to them in the Sections designated below:

[illegible]	[illegible]
Agreement	Preamble
Amapá Companies	3.2.1
Amapá Interests	3.2.2(a)
Amapá Permit	3.2.7
Amapá Personalty	3.2(4) 2
Amapá Project	Recitals
Amapá Railway	Recitals
Amapá Real Property	3.2.5(a)
Amapá Subsidiaries	Recitals
Antitrust Authorities	3.2.21
Antitrust Law	4.7(a)
Assignment	3.2.5(c)
[illegible]	

MMX Amapá	Recitals
MMX S.A.	Preamble
MPBA Letter Agreement	3.2.5(f)
Newco Brazil	4.16
Options	3.1.3
Permit	3.2.7
Project Lenders	Recitals
Purchase Price	1.2
Quotaholder	Recitals
Quotaholders’ Agreement	5.11(e)
Railway Concession Agreement	3.2.6(d)
Records	4.7(a)
Santana Port	Recitals
Seller	Preamble
Seller Indemnified Persons	7.3
Services Agreement	5.11(g)
Shares	Recitals
Tax Returns	3.2.14(a)
Upstream Merger	4.16

12.1 Amendments. This Agreement may be amended or modified only by a written instrument duly executed by Buyer and Seller that makes specific reference to this Agreement.

12.2 Notices. All notices, requests, demands, claims and other communications hereunder shall be in writing and shall be deemed duly given upon receipt when delivered by hand, by telecopy or when sent by an internationally recognized overnight delivery providing receipt of delivery, to the following addresses:

If to Buyer to:

Cleveland-Cliffs Inc
1100 Superior Avenue
Cleveland, OH 44114
U.S.A.
Facsimile No.: (216) 694-5534
Attention: James A. Trethewey

with a copy to:

Cleveland-Cliffs Inc
1100 Superior Avenue
Cleveland, OH 44114
U.S.A.

Facsimile No.: 1-216-694-6741
Attention: George W. Hawk, Jr.

If to Seller to:

Centennial Asset Mining J ssie

12.14 Effect of Loan Documents. Where relevant, each of the representations and warranties set forth in ARTICLE III and covenants set forth in ARTICLE IV shall be deemed to contain a reference to the loan documentation referred to in Section 5.7.

12.15 Section 338(g). Seller acknowledges that Buyer will elect to trust its purchase of the Shares as an asset acquisition under U.S. income tax law, pursuant to Section 338(g) of the Internal Revenue Code.

[SIGNATURE PAGE FOLLOWS]

NUMBER

CU

THIS CERTIFICATE IS TRANSFERABLE
IN CANTON, MA OR JERSEY CITY, NJ

CUSIP 185896 10 7
SEE REVERSE FOR CERTAIN DEFINITIONS

INCORPORATED UNDER THE LAWS OF THE STATE OF OHIO

CLEVELAND-CLIFFS INC

CERTIFICATE NUMBER REFERENCE DATE SHARES

THIS CERTIFIES THAT

IS THE OWNER OF

FULLY PAID AND NON-ASSESSABLE COMMON SHARES OF THE PAR VALUE OF 0.25 DOLLAR EACH OF Cleveland-Cliffs Inc, transferable on the books of the Company by the registered holder in person or by duly authorized attorney, upon surrender of this certificate properly endorsed. This certificate and the shares represented hereby are issued and shall be held subject to all the provisions of the Articles of Incorporation of the Company filed in the office of the Secretary of State of Ohio (copies of which are on file with the Company and with the Transfer Agent) to which the holder by acceptance hereof assents. This certificate is not valid unless countersigned by the Transfer Agent and registered by the Registrar.

[SHARE CERTIFICATE]

Witness the seal of the Company and the signatures of its duly authorized officers.

/s/ George W. Hawk, Jr.
SECRETARY

/s/ Joseph A. Carrabba
CHIEF EXECUTIVE OFFICER

[CLEVELAND-CLIFFS INC OHIO CORPORATE SEAL]
AMERICAN BANK NOTE COMPANY

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(a) The Borrower, the Required Lenders, and the Administrative Agent shall have executed and delivered this Amendment.

(b) Legal matters incident to the execution and delivery of this Amendment shall be satisfactory to the Administrative Agent and its counsel.

SECTION 3. *REPRESENTATIONS AND WARRANTIES.*

The Borrower represents and warrants to the Lenders that (i) each of the representations and warranties set forth in Section 5 of the Credit

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this First Amendment to Multicurrency Credit Agreement as of the date first set forth above.

"Borrower"

CLEVELAND-CLIFFS INC

By /s/ Laurie Brlas

Name: L. Brlas

Title: Senior Vice President-Chief Financial Officer and Treasurer

[Signature page to First Amendment to Multicurrency Credit Agreement]

“LE

BANK OF AMERICA, N.A., as a Lender and as Syndication Agent

By /s/ Sandra Guerrieri
Name Sandra Guerrieri
Title Vice President

[Signature page to First Amendment to Multicurrency Credit Agreement]

KEYBANK NATIONAL ASSOCIATION, as a Lender and as a Co-Documentation Agent

By /s/ Suzannah Harris

Name Suzannah Harris

Title Vice President

[Signature page to First Amendment to Multicurrency Credit Agreement]

COMMONWEALTH BANK OF AUSTRALIA, NEW YORK BRANCH, as a Lender and as a Co-Documentation Agent

By /s/ D. A. Heuston

Name David A. Heuston

Title Head of Risk Management, Americas

[Signature page to First Amendment to Multicurrency Credit Agreement]

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED, as a Lender

By /s/ John W. Wade
Name John W. Wade
Title Director

[Signature page to frist Amendment to Multicurrency Credit Agreement]

NATIONAL AUSTRALIA BANK LIMITED, A.B.N. 12 004 044 937, as a Lender

By /s/ S. Daniels
Name Stephen Daniels
Title Director

[Signature page to First Amendment to Multicurrency Credit Agreement]

WESTPAC BANKING CORPORATION, as a Lender

By /s/ Bradley Scammell
Name Bradley Scammell
Title Vice President

[Signature page to First Amendment to Multicurrency Credit Agreement]

JPMORGAN CHASE BANK, N.A., as a Lender

By /s/ W. Gregory Schmid
Name W. Gregory Schmid
Title Senior Vice President

[Signature page to First Amendment to Multicurrency Credit Agreement]

CHARTER ONE BANK, N.A., as a Lender

By /s/ Robert G. Dracon, Jr.

Name Robert G. Dracon, Jr.

Title Vice President

[Signature page to First Amendment to Multicurrency Credit Agreement]

PNC BANK, NATIONAL ASSOCIATION, as a Lender

By /s/ Jennifer L. Loew
Name Jennifer L. Loew
Title Vice President

[Signature page to First Amendment to Multicurrency Credit Agreement]

U.S. BANK NATIONAL ASSOCIATION, as a Lender

By /s/ David J. Dannemiller
Name David J Dannemiller
Title Vice President

[Signature page to First Amendment to Multicurrency Credit Agreement]

WACHOVIA BANK, as a Lender

By /s/ Daniel Jenkins
Name Daniel Jenkins
Title Senior Vice President

[Signature page to First Amendment to Multicurrency Credit Agreement]

HARRIS N.A., as a Lender

By /s/ Thad D. Rasche
Name Thad Rasche
Title Director

[Signature page to First Amendment to Multicurrency Credit Agreement]

LASALLE BANK, NATIONAL ASSOCA

BANK HAPOALIM B.M., as a Lender

By /s/ J. Surless
Name James P. Surless
Title Vice President

/s/ Lenroy Hackett
Lenroy Hackett
First Vice President

[Signature page to First Amendment to Multicurrency Credit Agreement]

Each of the undersigned heretofore executed and delivered to the Lenders a Guaranty Agreement dated as of June 23, 2006 (the *"Guaranty"*). Each of the undersigned hereby consents to the First Amendment to Multicurrency Credit Agreement as set forth above and confirms that its Guaranty, all obligations thereunder, and all Collateral Documents, and the Liens created and provided for thereby, executed and delivered by it remain in full force and effect. Each of the undersigned further agrees that its consent to any further amendments, waivers or consents in connection with the Multicurrency Credit Agreement shall not be required as a result of this consent having been obtained. Each of the undersigned acknowledges that the Lenders are relying on the assurances provided herein in entering into the First Amendment to Multicurrency Credit Agreement set forth above.

"GUARANTORS"

THE CLEVELAND-CLIFFS IRON COMPANY
CLIFFS SALES COMPANY
CLIFFS MINING COMPANY

By /s/ R. J. Leroux
Name R.J. Leroux
Title Vice President and Treasurer

NORTHSHORE MINING COMPANY
SILVER BAY POWER COMPANY
CLIFFS MINNESOTA MINING COMPANY
CLIFFS EMPIRE, INC.
CLIFFS TIOP, INC.

By /s/ R. J. Leroux
Name R.J. Leroux
Title Treasurer

immediately prior to such Investment) pursuant to clause (o) of the definition of Restricted Investments.

"Restricted Investments" means all Investments except the following:

(a) property, plant and equipment to be used in the ordinary course of business of the Borrower and its Subsidiaries;

(b) current assets arising from the sale of goods and services in the ordinary course of business of the Borrower and its Subsidiaries;

(c) existing Investments in Subsidiaries disclosed on Schedule 5.10 hereof;

(d) Permitted Acquisitions; *provided* that the Borrower shall deliver to the Administrative Agent at least 10 Business Days prior to any such Acquisition a certificate confirming *pro forma* compliance with Section 6.19 hereof;

(e) Investments disclosed on Schedule 6.15, including without limitation, Schedule 6.15(a), hereof;

(f) Investments in cash and Cash Equivalents;

(g) Hedging Liability and Other Hedging Liability to any other Person, in all cases incurred in the ordinary course of business and not for speculative purposes;

(h) Contingent Obligations permitted by Section 6.11 hereof;

(i) mergers and consolidations permitted by Section 6.14 hereof;

(j) loans and advances to directors, employees and officers of the Borrower and its Subsidiaries for *bona fide* business purposes in the ordinary course of business;

(k) Investments by the Borrower or any Wholly-Owned Subsidiary in or to any other Wholly-Owned Subsidiary and Investments by any Subsidiary in the Borrower or any Wholly-Owned Subsidiary;

(l) Investments in securities of trade creditors or customers in the ordinary course of business that are received (i) in settlement of *bona fide* disputes or pursuant to any plan of reorganization or liquidation or similar arrangement upon the bankruptcy or insolvency of such trade creditors or customers or (ii) in the settlement of debts created in the ordinary course of business;

(m) Investments in Joint Ventures (i) for the purpose of financing such entities' (X) operating expenses incurred in the ordinary course of business and (Y) reasonable Capital Expenditures and other reasonable obligations that are accounted for by the Borrower and its Subsidiaries as increases in equity in such Joint Ventures;

(n) the Amapa Investment; *provided* that, in no event shall the amount of such Investment exceed $170,000,000;

(o) Investments of the Borrower and its Subsidiaries to make acquisitions of additional mining interests or for other strategic or commercial purposes; *provided* that, (i) in no event shall the amount of such Investments exceed the Permitted Investment Amount and (ii) after giving effect to any such Investment, no Default or Event of Default shall exist, including with respect to the covenants contained in Section 6.19 hereof on a *pro forma* basis; *provided* further that, in the case of any such Investment in which the aggregate amount to be invested is greater than $20,000,000, the Borrower shall deliver to the Administrative Agent at least 10 Business Days (or such shorter period of time as is agreed to by the Administrative Agent) prior to such Investment a certificate confirming such pro forma compliance; and

(p) the Sonoma Investment; *provided* that, in no event shall the amount of such Investment exceed (i) $130,000,000 *plus* (ii) Investments permitted pursuant to clause (m) above.

Section 1.2. The following definitions of "*Amapa*", *"Amapa Investment"*, "*Permitted Investment Amount"*, *"Sonoma"* and *"Sonoma Investment"* are hereby added to Section 1.1 of the Credit Agreement in appropriate alphabetical order:

"Amapa" means MMX Amapá Mineração Ltda., a company organized under the laws of Brazil.

"Amapa Investment" means, collectively, all Investments by the Borrower and its Subsidiaries in Amapa.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Second Amendment to Multicurrency Credit Agreement as of the date first set forth above.

"BORROWER"

CLEVELAND-CLIFFS INC

By /s/ Laurie Brlas
Name: L. Brlas
Title: Senior Vice President-Chief Financial Officer and Treasurer

[Signature page to Second Amendment to Multicurrency Credit Agreement]

"LENDERS"

FIFTH THIRD BANK, an Ohio banking corporation, as a Lender, as L/C Issuer, and as Administrative Agent

By /s/ Gregory D. Amoroso
Name: Gregory D. Amoroso
Title: Vice President

[Signature page to Second Amendment to Multicurrency Credit Agreement]

KEYBANK NATIONAL ASSOCIATION, as a Lender and as a Co-Documentation Agent

By /s/ Suzannah Harris
Name Suzannah Harris
Title Vice President

[Signature page to Second Amendment to Multicurrency Credit Agreement]

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED, as a Lender

By /s/ John W. Wade

Name John W. Wade

Title Director

[Signature page to Second Amendment to Multicurrency Credit Agreement]

WESTPAC BANKING CORPORATION, as a Lender

By /s/ Bradley Scammell
Name Bradley Scammell
Title Vice President

[Signature page to Second Amendment to Multicurrency Credit Agreement]

JPMORGAN CHASE BANK, N.A., as a Lender

By /s/ W. Gregory Schmid
Name W. Gregory Schmid
Title Sr. Vice President

[Signature page to Second Amendment to Multicurrency Credit Agreement]

FORTIS CAPITAL CORP., as a Lender

By /s/ Douglas Riahl
Name Douglas Riahl
Title Managing Director

/s/ John W. Deegan
John W. Deegan
Senior Vice President

[Signature page to Second Amendment to Multicurrency Credit Agreement]

PNC BANK, NATIONAL ASSOCIATION, as a Lender

By /s/ Joseph G. Moran
Name Joseph G. Moran
Title Managing Director

[Signature page to Second Amendment to Multicurrency Credit Agreement]

U.S. BANK NATIONAL ASSOCIATION, as a Lender

By /s/ David J. Dannemiller
Name David J. Dannemiller
Title VP

[Signature page to Second Amendment to Multicurrency Credit Agreement]

WACHOVIA BANK, as a Lender

By /s/ E. Del Viscio
Name Eric M. Del Viscio
Title Vice President

[Signature page to Second Amendment to Multicurrency Credit Agreement]

HARRIS N.A., as a Lender

By /s/ Thad D. Rasche
Name Thad D. Rasche
Title Director

[Signature page to Second Amendment to Multicurrency Credit Agreement]

LASALLE BANK, NATIONAL ASSOCIATION, as a Lender

By /s/ Brian H. Gallagher
Name Brian H. Gallagher
Title Vice President

[Signature page to Second Amendment to Multicurrency Credit Agreement]

BANK HAPOALIM B.M., as a Lender

By	/s/ J. Surless	/s/ Lenroy Hackett
	Name James P. Surless	Lenroy Hackett
	Title Vice President	First Vice President

[Signature page to Second Amendment to Multicurrency Credit Agreement]

This Third Amendment and Waiver to Multicurrency Credit Agreement (herein, this *“Amendment”*)

SECTION 2. *AMENDMENTS TO CREDIT AGREEMENT.*

Upon satisfaction of the conditions precedent set forth in Section 3 hereof, the Credit Agreement shall be and hereby is amended as follows:

2.1. Section 1.1 of the Credit Agreement is hereby amended to insert therein in proper alphabetical order the following new definition:

"Cliffs Sonoma Entities" means, collectively, Cliffs Australia Washplant Operations Pty Ltd ACN 123 748 032 and Cliffs Australia Coal Pty Ltd ACN 123 583 326.

2.2. Section 6.12 of the Credit Agreement is amended to delete the "and" at the end of clause (g), to restate clause (h) in its entirety lr a

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Third Amendment and Waiver to Multicurrency Credit Agreement as of the date first set forth above.

"BORROWER"

CLEVELAND-CLIFFS INC

By /s/ Laurie Brlas

Name: L. Brlas

Title: Senior Vice President-Chief Financial Officer

"LENDERS"

FIFTH THIR p3 Á

BANK OF AMERICA, N.A.

By /s/ Sandra Guerrieri

Name Sandra Guerrieri

Title Vice President

KEYBANK NATIONAL ASSOCIATION

By /s/ Suzannah Harris
Name SUZANNAH HARRIS
Title Se

COMMONWEALTH BANK OF AUSTRALIA,
NEW YORK BRANCH, as a Lender and as
a Co-Doc[illegible]

____

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

By /s/ J. W. Wade

Name JOHN W. WADE

Title DIRECTOR

NATIONAL AUSTRALIA BANK LIMITED,
A.B.N. 12 004 044 937, as Lender

By /s/ Richard Marten
Name RICHARD MARTEN
Title ASSOCIATE DIRECTOR

JPMorgan Chase Bank, N.A.

By /s/ W. Gregory Schmid
Name W. Gregory Schmid
Title Senior Vice President

Fortis Capital Corp. as Lender

By /s/ Douglas Riahi

Name Douglas Riahi

Title Managing Director

By /s/ Steven Silverstein

Name Steven Silverstein

Title Vice President

PNC Bank, National Association

By /s/ Joseph G. Moran
Name Joseph G. Moran
Title Managing Director

Wachovia Bank, N.A.
[INSERT FULL LEGAL NAME OF LENDER HERE]

By /s/ P. J. Peterman

Name Paul J. Peterman

Title Vice President

HARRIS N.A., as a Lender

By /s/ Thad D. Rasche

Name Thad Rasche

Title Director

LaSalle Bank National Association

By /s/ Brian H. Gallagher
Name Brian H. Gallagher
Title Vice President

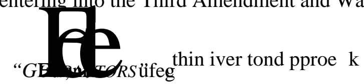
BANK HAPOALIM B.M., as a Lender

By /s/ Charles McLaughlin
Name CHARLES McLAUGHLIN
Title SENIOR VICE PRESIDENT

and,

By /s/ Helen H. Gateson
Name HELEN H. GATESON
Title VICE PRESIDENT

Each of the undersigned heretofore executed and delivered to the Lenders a Guaranty Agreement dated as of June 23, 2006 (the *"Guaranty"*). Each of the undersigned hereby consents to the Third Amendment and Waiver to Multicurrency Credit Agreement as set forth above and confirms that its Guaranty, all obligations thereunder, and all Collateral Documents, and the Liens created and provided for thereby, executed and delivered by it remain in full force and effect. Each of the undersigned further agrees that its consent to any further amendments, waivers or consents in connection with the Multicurrency Credit Agreement shall not be required as a result of this consent having been obtained. Each of the undersigned acknowledges that the Lenders are relying on the assurances provided herein in entering into the Third Amendment and Waiver to Multicurrency Credit Agreement set forth above.



"GUARANTORS" thin iver tond pproe k

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2.1. Clause (h) of Section 6.11 of the Credit Agreement shall be, and hereby is, amended and restated in its entirety as follows:

(h) Contingent Obligations in respect of (i) Indebtedness otherwise permitted under this Section 6.11 and under Section 6.13 and (ii) Indebtedness owed by Amapa in an amount not to exceed U.S. $275,000,000 incurred for the purpose of of of

“LENDERS”

FIFTH THIRD BANK, an Ohio banking corporation, as a Lender, as L/C Issuer, and as Administrative Agent

By /s/ Gregory D. Amoroso
Name: Gregory D. Amoroso
Title: Vice President

BANK OF AMERICA, N.A.

By /s/ Sandra Guerrieri
Name: Sandra Guerrieri
Title: Vice President

KEYBANK NATIONAL ASSOCIATION

By	/s/ Suzannah Harris
Name:	Suzannah Harris
Title:	Vice President

COMMONWEALTH BANK OF AUSTRALIA, NEW YORK BRANCH, as a Lender and as a Co-Documentation Agent

By	/s/ P. Delbridge
Name	Philip Delbridge
Title	Risk ExecO

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED, as Lender

By /s/ J. W. Wade

Name JOHN WADE

Title DIRECTOR

NATIONAL AUSTRALIA BANK LIMITED, A.B.N. 12 004 044 937, as a Lender

By /s/ S. Daniels

Name Stephen Daniels

Title Director

JPMorgan Chase Bank, N.A.

By /s/ W. Gregory Schmid

Name

PNC BANK, NATIONAL ASSOCIATION

By	/s/ Jennifer L. Loew
Name	Jennifer L. Loew
Title	Vice President

Wachovia Bank, National Association

By /s/ P. Kaufmann
Name Patrick J. Kaufmann
Title Senior Vice President

HARRIS N.A., as a Lender

By	/s/ Thad D. Rasche
Name	Thad Rasche
Title	Director

Each of the undersigned heretofore executed and delivered to the Lenders a Guaranty Agreement dated as of June 23, 2006 (the*"Guaranty"*). Each of the undersigned hereby consents to the Fourth Amendment and Waiver to Multicurrency Credit Agreement as set forth above and confirms that its Guaranty, all obligations thereunder, and all Collateral Documents, and the Liens created and provided for thereby, executed and delivered by it remain in full force and effect. Each of the undersigned further agrees that its consent to any further amendments, waivers or consents in connection with the Multicurrency Credit Agreement shall not be required as a result of this consent having been obtained. Each of the undersigned acknowledges that the Lenders are relying on the assurances provided herein in entering into the Fourth Amendment and Waiver to Multicurrency Credit Agreement set forth above.

"*GUARANTORS*"

THE CLEVELAND-CLIFFS IRON COMPANY
CLIFFS MINING COMPANY

By /s/ R. J. Leroux
Name R.J. Leroux
Title Vice President and Controller

NORTHSHORE MINING COMPANY
SILVER BAY POWER COMPANY
CLIFFS MINNESOTA MINING COMPANY
CLIFFS EMPIRE, INC.
CLIFFS TIOP, INC.
CLIFFS SALES COMPANY

By /s/ R. J. Leroux
Name R.J. Leroux
Title Treasurer

IN WITNESS WHEREOF, Cleveland-Cliffs Inc, pursuant to the order of its Board of Directors, has executed this Amendment No. 2 to the Cleveland-Cliffs Inc Supplemental Retirement Benefit Plan (most recently restated effective January 1, 2001) at Cleveland, Ohio as of the 11 day of Sep. xsmef

Participant's compensation pursuant to the Deferred Compensation Plan, and as if the Pension Plan did not contain a provision (including any phase-in or o

C. Notwithstanding subparagraph B of this paragraph, a Participant may elect to change a previous election to receive Remaining Supplemental Pension Plan Benefit payments in either a lump sum or installment payment form provided that such new election is made no later than one (1) year prior to his retirement or termination of employment. Additionally, Remaining Supplemental Pension Plan Benefit payments must be deferred for at least five (5) years if a new election is made by a Participant.

D. A Beneficiary of a Participant shall receive the Remaining Supplemental Pension Plan Benefit provided in paragraph 2 if the Participant dies prior to his or her termination of employment. If the Participant dies after his or her termination of employment, the Beneficiary shall receive the Remaining Supplemental Pension Plan Benefit, or the remainder of the Remaining Supplemental Pension Plan Benefit, the Participant would have received had he or she not died.

3. Effective Date. This Amendment No. 1 shall apply to and be effective only for Participants who are active employees of the Employers on or after December 1, 2006, and shall be effective for such Participants for all benefit determinations under Paragraph 2 and payments under Paragraph 3 of the Plan on or after December 1, 2006.

IN WITNESS WHEREOF, Cleveland-Cliffs Inc, pursuant to the order of its Board of Directors, has executed this Amendment No. 3 to the Amended and Restated Supplemental Retirement Benefit Plan (as Amended and Restated Effective January 1, 2001) at Cleveland, Ohio, as of the 29th day of December, 2006.

CLEVELAND-CLIFFS INC

By: /s/ R. L. Kummer
Sr. Vice President - Human Resources

NOW, THEREFORE, pursuant to Section 2 of the Restricted Shares Agreements, Section 2 of Brinzo's Restricted Shares Agreements are hereby amended, effective September 1, 2006, by the addition of a new sentence at the end of such Section to read as follows:

"In accordance with the previous sentence, effective September 1, 2006, all restrictions on the Grantee's sale or transfer of stock granted under this Agreement, to the extent still applicable, shall lapse as of the day following the date of the Company's May 2007 stockholder meeting, provided the Grantee remains the non-employee Chairman of the Board of Directors of the Company until such date and provided that the Grantee shall also retire from the Board of Directors as of such date."

IN WITNESS WHEREOF, the Company by its appropriate officer, duly authorized, has executed this Amendment as of this 18th day of September, 2006.

CLEVELAND-CLIFFS INC

By: /s/ Joseph A. Carrabba

D S S i G 5 9

CLEVELAND-CLIFFS INC

Amendment

to

Restricted Shares Agreements

for

John S. Brinzo

This Amendment is executed as of the date set forth below by Cleveland-Cliffs Inc (the “Company”);

WITNESSETH:

WHEREAS, the Company established the 1992 Incentive Equity Plan (the “Plan”), under which the Company has granted shares of Common Stock to certain eligible employees by entering into Restricted Shares Agreements with such employees at various times; and

WHEREAS, in conjunction with the Plan, the Company has entered into various Restricted Shares Agreements with John S. Brinzo (the “Brinzo Restricted Shares Agreements”); and

WHEREAS, the Company reserved the right to waive the restrictions applicable Common Shares granted under any Restricted Shares Agreement pursuant to Section 2 of such Restricted Shares Agreements and, effective September 1, 2006, amended the Brinzo Restricted Shares Agreements in order to waive certain restrictions on the Common Shares granted under such Brinzo Restricted Shares Agreements; and

WHEREAS, on April 14, 1992, the shareholders of Cleveland-Cliffs Inc, an Ohio corporation (“Company” and the term “Company” as used herein shall also include the Company’s consolidated Subsidiaries) approved the 1992 Incentive Equity Plan of the Company, and

WHEREAS, on May 13, 1997, the shareholders of the Company approved the 1992 Incentive Equity Plan (as Amended and Restated as of May 13, 1997) of the Company, a copy of which is attached hereto as Appendix A-1; and

WHEREAS, on May 11, 1999, the shareholders of the Company approved an amendment (“Amendment”) to the 1992 Incentive Equity Plan (as Amended and Restated as of May 13, 1997) a copy of which is attached hereto as Appendix A-2; and

WHEREAS, on May 8, 2000, the Board of Directors of the Company (“Board”), adopted the 2000 Retention Unit Plan (“2000 Retention Plan”), a copy of which is attached hereto as Appendix B; and

WHEREAS, the Compensation -2(“” AShee0 e0

1.1 “AVERAGE NET ASSETS” shall mean the total assets less (i) current liabilities (excluding the current portion of interest-bearing debt) and (ii) any minority interests, as determined as of the end of the Incentive Period based on a monthly average, beginning on December 31, 2003, and ending on December 31, 2006.

1.2 “CHANGE IN CONTROL” shall mean the date on which any of the following is effective:

(i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act of 1934, as amended (the “Exchange Act”)) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of the combined voting power of the then outstanding securities of the Company entitled to vote generally in the election of directors (“Voting Stock”); provided, however, that for purposes of this Section 1.2(i), the following acquisitions shall not constitute a Change in Control: (A) any issuance of Voting Stock of the Company directly from the Company that is approved by the Incumbent Board (as defined in Section 1.2(ii), below), (B) any acquisition by the Company of Voting Stock of the Company, (C) any acquisition of Voting Stock of the Company by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary, or (D) any acquisition of Voting Stock of the Company by any Person pursuant to a Business Combination (as defined in Section 1.2(iii) below) that complies with clauses (A), (B) and (C) of Section 1.2(iii), below; or

(ii) Individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to tme i thi jor qu oru tinominationforjoru by tmCompany s shaphders i as approvedby a vote t

1.5 “MARKET VALUE PRICE” shall mean the latest available closing price per share of a Common Share of the Company and the latest available closing price per share of a Common Share of each of the entities in the Peer Group, as the case may be, on the New York Stock Exchange or other recognized market if the stock does not trade on the New York Stock Exchange at the relevant time.

1.6 “PEER GROUP” shall mean the group of companies, as more particularly set forth on attached Exhibit A, against which the Relative Total Shareholder Return of the Company is measured over the Incentive Period.

1.7 “PERFORMANCE OBJECTIVES” shall mean for the Incentive Period the target objectives of the Company of the Relative Total Shareholder Return and Return on Net Asset goals established by the Committee and reported to the Board, as more particularly set forth on attached Exhibit B.

1.8 “PERFORMANCE SHARE” shall have the meaning assigned thereto in the 1992 ICE Plan.

1.9 “PERFORMANCE SHARES EARNED” shall mean the number of Common Shares of the Company (or cash equivalent) earned by a Participant following the conclusion of an Incentive Period in which a required minimum of Company Performance Objectives and Strategic Objectives were met or exceeded.

1.10 “RELATIVE TOTAL SHAREHOLDER RETURN” shall mean for the Incentive Period the Total Shareholder Return of the Company compared to the Total Shareholder Return of the Peer Group, as more particularly set forth on attached Exhibit C.

1.11 “RETIREMENT OR RETIRED” shall mean retirement as defined in the retirement plan of the Company, including without limitation any supplemental retirement plan.

1.12 “RETURN ON NET ASSETS” shall mean the Company’s Earnings Before Taxes (excluding minority interest) divided by Average Net Assets, as more particularly described on attached Exhibit D.

1.13 “STRATEGIC OBJECTIVES” shall mean specific business objectives as determined by the Committee, as more fully described on attached Exhibit E.

1.14 “SUBSIDIARY” shall have the meaning assigned thereto in the 1992 ICE Plan.

1.15 “TOTAL SHAREHOLDER RETURN” shall mean for the Incentive Period the cumulative return to shareholders of the Company and to the shareholders of each of the entities in the Peer Group during the Incentive Period, measured by the change in Market Value Price per share of a Common Share of the Company and the change in the Market Value Price per share of the common share of each of the entities in the Peer Group plus dividends (or other distributions) reinvested over the Incentive Period, and measured by the average Market Value Price per share (increase or decrease) of a Common Share of the Company and of a common share of each of the entities in the Peer [illegible] (or other distributions) on the last business day of each quarter during the Incentive Period compared to a base measured by the average Market Value Price per share of a Common Share of the Company and of a common share of each [illegible]

2.2 ISSUANCE OF PERFORMANCE SHARES. The Performance Shares covered by this Agreement shall only result in the issuance of Common Shares (or cash or a combination of Common Shares and cash, as decided by the Committee in its sole discretion), after the completion of the Incentive Period and only if such Performance Shares are earned as provided in Section 2.3 of this Article 2.

2.3 PERFORMANCE SHARES EARNED. Payout of Performance Shares Earned, if any, shall be based upon the degreee[f]

(b). In the event a Participant voluntarily terminated employment or is terminated by the Company with cause, the Participant shall forfeit all right to any Performance Shares that would have been earned under this Agreement.

3.1 GRANT OF RETENTION UNITS. Pursuant to the Incentive Program, the Company hereby grants to the Participant the number of Retention Units as specified in the Eighth WHEREAS clause of this Agreement, without dividend equivalents, effective as of the Date of Grant.

3.2 CONDITION OF PAYMENT. The Retention Units covered by this Agreement shall only result in the payment in cash of the value of the Retention Units if the Participant remains in the employ of the Company or a Subsidiary throughout the Incentive Period.

3.3 CALCULATION OF CASH PAYOUT. To determine the amount of the cash payout of the Retention Units, the number of Retention Units granted under this Agreement shall be multiplied by the Market Value Price of a Common Share of the Company on the last day of the Incentive Period.

3.4 PAYMENT OF RETENTION UNITS.

(a). Payment of Retention Units shall be made in cash and shall be paid at the same time as the payment of Performance Shares Earned pursuant to Section 2.5(a), provided, however, in the event no Performance Shares are earned, then the Retention Units shall be paid in cash at the time the Performance Shares would normally have been paid.

(b).

the Participant may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or a Subsidiary.

5.6 AGREEMENT SUBJECT TO INCENTIVE PROGRAM. The Retention Units and Performance Shares granted under this Agreement and all of the terms and conditions hereof are subject to all of the terms and conditions of the 1992 ICE Plan, the 2000 Retention Plan and the Incentive Program.

5.7 AMENDMENTS. Any amendment to the Incentive Program shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that no amendment shall adversely affect the rights of the Participant under this Agreement without the Participant’s consent.

5.8 SEVERABILITY. In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

5.9 TERM. This Agreement shall be effective as of the Date of Grant and shall remain in effect upon completion of the Incentive Period.

5.10 GOVERNING LAW. This Agreement shall be construed and governed in accordance with the laws of the State of Ohio.

This Agreement is executed as of the Date of Grant.

____

The undersigned hereby acknowledges receipt of an executed original of this Participant Grant and Agreement and accepts the Performance Shares and Retention Units granted hereunder on the terms and conditions set forth herein and in the Incentive Program.

____

Appendix A-1 1992 ICE Pla E2 ICE Pla

Under the provisions of the 1992 Cleveland-Cliffs Inc Incentive Equity Plan, a Performance Share Program award will be made to you for the 2004 – 2006 performance period. A recent legal and accounting review has determined that the grant date of your award is March 8, 2004, not March 11, 2004 as shown in the Company's agreement with you concerning this award.

In preparation for the payout, please elect one of the following options regarding tax withholding on the performance shares awarded:

1. ______ I will provide a personal check for the full required tax obligation amount on my performance shares award.

or

2. ______ Reduce the number of shares of stock, that would otherwise be delivered to me, by the number of shares necessary to meet the required statutory withholding tax obligation. Since only "full shares" can be used to satisfy the tax obligation, I will issue a personal check for the remaining balance.

Please elect one of the options below:

______ Receive a stock certificate,

______ Shares to be electronically deposited in my account, as follows,

Financial Institution ____________________________

DTC # ____________________________

Account No. ____________________________

Broker's name ____________________________

and direct phone number

Signature:______________ Date:_______ Received:__________________ Date:__________

Please submit the completed election form to Donna Roese by the end of the business day Monday . pP

CLEVELAND-CLIFFS INC

Amendment No. 1

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Long-Term Incentive Program Participant ant aPan Piv No'˝ 9

WHEREAS, the Company desires to amend the Carrabba 2006 Participant Grant in order to grant additional Performance Shares and Retention Units, effective September 1, 2006;

NOW, THEREFORE, pursuant to Section 5.7 of the 2006 Participant Grant, Carrabba's 2006 Participant Grant is hereby amended, effective September 1, 2006, as follows:

(1) The ninth "WHEREAS" clause of the Preamble of Carrabba's 2006 Participant Grant is hereby amended by the deletion of such clause in its entirety and the substitution in lieu thereof of new clauses to read as follows:

"WHEREAS, on May 8, 2006 ("Date of First Grant") the Committee authorized the granting to the Participant of Seven Thousand Fifty Five (7,055) Performance Shares and an additional One Thousand Two Hundred Forty Five (1,245) Retention Units covering the incentive period commencing January 1, 2006 and ending December 31, 2008 ("Incentive Period") under the Incentive Program, which Performance Shares and Retention Units were split in half, effective June 30, u, pur, u, 3

IN WITNESS WHEREOF, the Company, by its appropriate officer, duly authorized, has executed this Amendment No. 1 as of this 15th day of September , 2006.

CLEVELAND-CLIFFS INC

By: /s/ Randy L. Kummer

CLEVELAND-CLIFFS INC

Amendment No. 1

to

Long-Term Incentive Program Participant Grant and Agreements

for

John S. Brinzo

This Amendment No. 1 is executed as of the date set forth

WHEREAS, the Company desires to amend the Brinzo Participant Grants, effective September 1, 2006, in order to accelerate the vesting of the Performance Shares and Retention Units granted thereunder;

NOW, THEREFORE, pursuant to Section 5.7 of the Participant Grants, Brinzo's Participant Grants are hereby amended, effective September 1, 2006, as follows:

2004 Brinzo Participant Grants

(1) Section 2.6 of Brinzo's 2004 Participant Grant is hereby amended by the addition of a new subsection (c) to read as follows:

"(c). Notwithstanding the foregoing, effective September 1, 2006, in the event the Participant remains Chairman of the Board of Directors of the Company ("Chairman") until December 31, 2006, he shall fully vest in all of the Performance Shares earned under this Agreement as of such date. In the event the Participant does not remain Chairman until December 31, 2006, he shall vest in accordance with the provisions of subsection (a) above, taking into account his service as an employee and an ee31 pr t.

CLEVELAND-CLIFFS INC

Amendment No. 2

to

Long-Term Incentive Program Participant Grant and Agreements

for

John S. Brinzo

This Amendment No. 2 is executed as of the date set forth below by Cleveland-Cliffs Inc (the “Company”);

WITNESSETH:

WHEREAS, effective May 8, 2000, Cleveland Cliffs Inc (the “Company”) established the Cleveland-Cliffs Inc Long-Term Incentive Plan (the “Incentive Plan”) in order to attract and retain executives and other key employees of the Company and its subsidiaries and to align their interests directly with the interests of the shareholders of the Company by increasing the Company’s long-term value and exceeding the performance of peer companies; and

WHEREAS, in conjunction with the Incentive Plan, the Company entered into Long-Term Incentive Plan Participant Grant and Agreements (“Participant Grants”) with certain eligible employees, including John S. Brinzo (“Brinzo”), for the 2004 year (the “Brinzo 2004 Participant Grant”), the 2005 year (the “Brinzo 2005 Participant Grant”) and the 2006 year (the “Brinzo 2006 Participant Grant) (collectively, the “Brinzo Participant Grants”); and

WHEREAS, by amendment dated September 18, 2006, made pursuant to Section 5.7 of the Participant Grants, the Company amended the Participant Grants to clarify the vesting of the Performance Shares and Retention Units granted thereunder; and

WHEREAS, the Company desires to amend the language of Amendment Number 1, effective September 1, 2006, in order to correct an error in reference to certain of the Participant Grants;

NOW, THEREFORE, pursuant to Section 5.7 of the Participant Grants, Amendment Number 1 is hereby amended, effective September 1, 2006, to change the introductory language in item 4 as follows:

> "(4) Section 3.5 of Brinzo's 2005 and 2006 Participant Grants are hereby amended by the addition of a new sentence at the end of each such Section to read as follows:"

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IN WITNESS WHEREOF, the Company by its appropriate officer, duly authorized, has executed this Amendment No. 2 as of this 23rd day of March, 200B,B 1n 1n ho ″ 2

____

April 13, 2007

Participant
Address

Re: Elections which must be returned by April 30, 2007 relating to your Performance Shares

Dear Participant’s Name:

The purpose of this letter is to advise you of a change to the performance calculation of payment of Performance Shares under the newly approved, 2007 Cleveland-Cliffs Inc Incentive Equity Plan. The practice for measuring performance for purpose of Performance Shares under the former Long-Term Incentive Program has been to:

1. Measure cumulative Total Shareholder Return (as defined in the Long-Term Incentive Program Participant Grant and Agreements you executed for 2005 or 2006) at the end of each calendar quarter since the start of the performance period;
2. Determine the percentile ranking of Cliffs compared to the peer group based upon the cumulative Total Shareholder Return between the start of the performance period and the end of each calendar quarter; and
3. Average the percentile rankings for each of the 12 quarters.
4. Determine the Relative Total Shareholder Return performance target range for the Incentive Period as follows:

Maximum	75th Percentile
Target	55th Percentile
Threshold	35th Percentile

The effect of this method was that earlier quarters within the three year performance period were given greater weight than later quarters in the performance period. Due to this effect, the Compensation and Organization Committee of the Board of Directors (“Committee”) recently decided to change the method for the calculation of payout of Performance Shares for all grants of Performance Shares under the Cleveland Cliffs Inc. 2007 Incentive Equity Plan including the 2007 grants.

Beginning in 2007, Cliffs will measure performance for purposes of Performance Shares on the basis of the three year performance period rather than using the cumulative quarter method. Thus, at the end of the three year performance period Cliffs will perform the following calculations:

1. Measure cumulative Total Shareholder Return, as described above, for the full three year performance period for Cliffs and a for each entity that makes up a peer group of which Cliff’s performance will be compared to; and

2. Determine the percentile ranking of Cliffs compared to the peer group based upon the cumulative Total Shareholder Return over the performance period.

3. Determine the Relative Total Shareholder Return performance target range for the Incentive Period as follows:

[illegible]	[illegible]
Maximum	75th Percentile
Target	55th Percentile
Threshold	35th Percentile

The Committee believes that the new methodology is a more accurate way to calculate performance. Therefore, it is offering participants who received grants of Performance Shares in 2005 and/or 2006 to elect whether to change the method of calculating payouts under such grants to the new method or to stay with the old method. Therefore, you have the right to make a one-time election to have your awards granted in 2005 and/or 2006 amended to calculate performance for purposes of the grant of Performance Shares under the new methodology.

Please be advised that, if you were granted Awards in 2005 and 2006, your election must apply equally to your Performance Shares for both years. You will not be permitted to make an election to have one method apply for one year and the other method apply for the other year.

To assist you in making your election, the attached calculation sheet shows period-to-date performance for the 2005 and 2006 Plan periods through March 31, 2007. As shown, through March 31, 2007, the new calculation method yields a slightly lower TSR performance factor for the 2005 award and a slightly higher TSR performance factor for the 2006 award than is the case under the old calculation method. You should also be aware that under the new methodology, should you elect to have it apply to the 2005 and 2006 awards, calculations as of today will have no impact on the amount of the ultimate payout – only the final calculation for each performance period matters.

Please return the enclosed form electing to be covered by either the old methodology or the new methodology to Donna Roese in Human Resources by April 30, 2007 at the latest. We will then prepare the necessary amendments to your 2005 and 2006 Performance Share grants if you elect the new methodology.

If you have any questions about the foregoing, please feel free to contact me at 216-694-5940.

Very truly yours,

/s/ Randy L. Kummer

Randy L. Kummer
Senior Vice President, Human Resources

UMBRELLA AGREEMENT

This UMBRELLA AGREEMENT (this "***Agreement***"), dated as of March 1, 2007, and effecti

[*********], with any reduction in the minimum annual tonnage purchase obligation to be effective no earlier than [*********].

(e) Except as otherwise expressly modified by this Agreement, the parties' rights and obligations shall in all other respects be subject to, and governed by, the applicable provisions of the Pellet Sales Contracts. Accordingly, except as modified by this Agreement: (i) the purchase of pellets to be delivered to the Cleveland Works or the Indiana Harbor Works would be subject to, and governed by, the Cleveland Contract; (ii) the purchase of pellets to be delivered to the Inland Works would be subject to, and governed by, the Inland Contract; and (iii) the purchase of pellets to be delivered to the Weirton Works would be subject to, and governed by, the Weirton Contract.

(f) Mittal may transfer iron ore pellets purchased or to be purchased under this Agreement to any iron and steel making facility(s) owned directly or indirectly by Mittal Steel Company N.V. other than the Covered Facility(s) (each, an "***Other Facility***"). The pricing, terms and conditions of the purchase of any pellets to be transferred to any Other Facility shall be agreed to in advance and shall be based upon either the Cleveland Contract or the Inland Contract. In the event the costs of delivering pellets to an Other Facility exceed the costs that otherwise would be incurred to deliver pellets to the Covered Facilities under the Cleveland or Inland Contract, as applicable, the additional costs shall be borne by Mittal. In the event the costs of delivering pellets to an Other Facility are less than the costs that otherwise would be incurred to deliver pellets to the Covered Facilities under the Cleveland or Inland Contract, as applicable, Mittal shall receive a credit in the amount of such difference, which credit shall be reflected in the next invoice provided by Cliffs to Mittal.

(g) Notwithstanding any other provision of this Agreement or any of the Pellet Supply Contracts, Cliffs shall not under any circumstances without its prior written consent be required to sell under the Pellet Supply Contracts more than [*********] (the "***Maximum Tonnage***"); provided, that Cliffs will have the right of first refusal, but not the obligation, to supply all or any portion of Mittal's pellet requirements in excess of the Maximum Tonnage ("***Supplemental Tonnage***"), which right must be exercised within 30 days after receipt by Cliffs of a written request from Mittal for any Supplemental Tonnage. In the event that: (i) any of the Covered Facilities are transferred or any of the Pellet Supply Contracts are assigned to a third party; and (ii) such third party transferee or assignee in any year requires pellets from Cliffs for use at the transferred Covered Facility or pursuant to the assigned Pellet Supply Contract, then the amount nominated by the third party for each year of the remaining term of the Pellet Supply Contract shall count toward the Maximum Tonnage for such year. Cliffs shall notify Mittal as to the amount nominated by the third party and the remaining amount of the Maximum Tonnage available to Mittal in any year as soon as practicable.

(h) Anything in this Agreement to the contrary notwithstanding, Inland's rights to "cover" in respect of any iron ore pellet supply shortfalls on the terms and subject to the conditions set forth in Section 2(b) of the Inland Contract (starting with the fourth sentence thereof through the end of such section), and the application of a

"Surcharge Reduction" to the extent so provided in such Section 2(b), shall not be replaced or superseded by this Agreement but shall apply in respect of iron ore pellets allocated to the Inland Works in any year pursuant to this Agreement.

1.2 Pricing and Payment.

(a) In accordance with Section 1.1(e), the Contract Price shall be determined in accordance with the pricing provisions of the Pellet Supply Contract applicable to the Covered Facility where such pellets are delivered or, in the case of pellets transferred to an Other Facility, in accordance with either the Cleveland Contract or the Inland Contract as agreed to in advance by the parties in accordance with Section 1.1(f). Payments will be made in accordance with the relevant invoice and payment provisions of the applicable Pellet Supply Contract.

(b) In each of 2007, 2008, 2009 and 2010, pursuant to Section 1.1, and except as otherwise provided in this Section, Section 1.3 or Section 1.4, as applicable,
[illegible]

For any tons bought out by Mittal in accordance with this Section 1.3(c), Mittal shall pay to Cliffs [*********]. After [*********] of such year, [*********]. The Buyout Price shall be [*********] during the period 2006 through 2010.

(d) *Years 2007, 2008 and 2009 Deferral Options.* For each year 2007, 2008 and 2009, Mittal may make a one-time election to defer up to [*********] its Required Minimum Tonnage purchase obligation into the next year (such tonnage, the "***Deferral Tonnage***"). Such deferral election may be taken [*********] as follows: (i) [*********]; (ii) [*********]; or (iii) [**********]. Notwithstanding the foregoing, if [*********]. Set forth on Schedule 1.3(d) are tabular examples and explanations of the operation of the buyout and deferral mechanisms for the years 2006 through 2010. The express terms contained in the body of this Agreement shall control any discrepancy between such terms and the examples and explanations set forth on Schedule 1.3(d).

(e) *Year 2010*.

(i) For the year 2010, Mittal may make a one-time election to reduce its Required Minimum Tonnage purchase obligation by [*********]. Such reduction may be taken [*********] as follows: (A) [*********]; (B) [*********]; or (C) [*********]. Notwithstanding the foregoing, [*********].

In no event shall Mittal be perm

(i) For the years 2006 through 2010, the obligations set forth

ARTICLE IIIII

constitute a default under, any of the terms, conditions or provisions of such Cliffs Party's organizational documents or of any loan agreement, indenture, trust deed or other agreement or instrument to which such Cliffs Party is a party or by which such Cliffs Party is bound, or (iii) will result in the creation or imposition of any lien, charge, security interest or encumbrance of any nature whatsoever upon the property or assets of such Cliffs Party. Such Cliffs Party is not in default under any agreement to which it is a party, which default could impair its ability to perform its obligations under this Agreement.

5.2 Representations and Warranties of Mittal. Mittal hereby represents and warrants to each of the Cliffs Parties as follows:

(a) Mittal is a corporation duly organized and validly existing under the laws of the state of its incorporation. Mittal has the corporate power and authority necessary to (i) execute, deliver and perform its obligations under this Agreement and (ii) consummate the transactions contemplated hereby.

(b) This Agreement has been duly authorized, executed and delivered by Mittal and constitutes the legal, valid and binding obligation of Mittal, enforceable against Mittal in accordance with its terms.

(c) All authorizations, approvals and consents, if any, required to be obtained from, and all registrations, declarations and filings, if any, required to be made with, all governmental authorities and regulatory bodies to permit Mittal to execute and deliver, and to perform its obligations under, this Agreement have been obtained or made, as the case may be, and all such authorizations, approvals, consents, registrations, declarations and filings are in full force and effect. All terms and conditions contained in, or existing in respect of, such authorizations, approvals, consents, registrations, declarations and filings have been, to the extent necessary prior to the date of execution and delivery hereof, duly satisfied and performed.

(d) Neither the execution or delivery by Mittal of this Agreement nor the consummation by Mittal of the transactions contemplated hereby, nor the fulfillment by Mittal of the terms and provisions hereof (i) will conflict with, violate or result in a breach of, any of the terms, conditions or provisions of any law, regulation, order, writ, injunction, decree, determination or any other restriction to which Mittal is a party or by which Mittal or any of its assets are bound, (ii) will, now or with the passage of time, the giving of notice or otherwise, conflict with, violate or result in a breach of, or constitute a default under, any of the terms, conditions or provisions of Mittal's organizational documents or of any loan agreement, indenture, trust deed or other agreement or instrument to which Mittal is a party or by which Mittal is bound, or (iii) will result in the creation or imposition of any lien, charge, security interest or encumbrance of any nature whatsoever upon the property or assets of Mittal. Mittal is not in default under any agreement to which it is a party, which default could impair its ability to perform its obligations under this Agreement.

Any party may change the contact information to which notices or other communications to it shall be sent by giving to the other parties written notice of such change in accordance with this Section 6.3, in which case notices and other communications to the party giving the notice of the change of contact information shall not be deemed to have been sufficiently given or delivered unless addressed to it at the new contact information stated in said notice.

6.4 Termination. This Agreement may be terminated only by the mutual written agreement of Mittal, on the one hand, and Cliffs, on the other hand.

6.5 Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Ohio, including Article 2 of the Uniform Commercial Code as adopted in Ohio, without regard to the conflicts of law principles thereof.

6.6 [illegible]

best efforts to obtain confidential treatment of the portions thereof that the other parties designate. Each party will allow the other parties to participate in seeking to obtain such confidential treatment for Confidential Information. In the event that the Commission approves the treatment of portions of this Agreement as confidential, Cliffs and Mittal shall collaborate in creating the version of this Agreement to be filed with the Commission.

(c) [illegible] statement with respect to the transactions contemplated hereby without the prior consent of an officer of the other parties, except to the extent that the disclosing party determines in good faith that it is so obligated by law, in which case such disclosing party shall give notice to the other parties in advance of such party's intent to make such disclosure, announcement or issue such press release, and the parties hereto or their affiliates shall use reasonable efforts to cause a mutually agreeable release or disclosure or announcement to be issued. Notwithstanding the foregoing provisions of this Section 6.7, Mittal acknowledges that Cliffs will be entitled to include, in any publicly-released, forward-looking sales projections, Cliffs' projections of sales to Mittal, limi˝ aﬅ roing

facsimile transmission with the same force and effect as if the same were a fully executed and delivered original manual counterpart.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

MITTAL STEEL USA INC.

By: /s/ Michael G. Rippey
Name: Michael G. Rippey
Title: President & CEO

ISG CLEVELAND INC.

By: /s/ Michael G. Rippey
Name: Michael G. Rippey
Title: President & CEO

ISG INDIANA HARBOR INC.

By: /s/ Michael G. Rippey
Name:

THE CLEVELAND-CLIFFS IRON COMPANY

By: /s/ W. R. Calfee
Name: William R. Calfee
Title: Executive Vice President—Commercial

CLIFFS MINING COMPANY

By: /s/ W. R. Calfee
Name: William R. Calfee
Title: Executive Vice President—Commercial

NORTHSHORE MINING COMPANY

By: /s/ W. R. Calfee
Name: William R. Calfee
Title: Executive Vice President—Commercial

CLIFFS SALES COMPANY

By: /s/ W. R. Calfee
Name: William R. Calfee
Title: Executive Vice President—Commercial

Schedule 1.3(d)

K a 4 S a H G G g H G i G - 4 o F F I 1 D S a K a

For operation of buyout and deferral mechanisms when Excess Tonnage is nominated, refer to Schedule 1.3(f)

Examplenlspsnple k;1n 1:

Schedule 1.3

Example A4:

[*********]

Example B2:

[*********]

Example B3:

[*********]

For Delivery Year 2010

Example C1:

[*********]

Example C2:

[*********]

Example C3:

[*********]

Example C4:

[*********]

Example C5:

[*********]

	Year Ended December 31,			
	2005	2004	2003	2002
Consolidated pretax income (loss) from continuing operations	$368.1	$285.2	$(35.2)	$(57.3)
Undistributed earnings of non-consolidated affiliates	.1	4.2	.1	(1.3)
Amortization of capitalized interest	2.0	2.0	2.0	1.8
Interest expense	4.5	.8	4.4	6.5
Acceleration of debt issuance costs				
Interest portion of rental expense	6.2	7.5	8.6	9.4
Earnings (loss)	$380.9	$299.7	$(20.1)	$(40.9)
Interest expense	$ 4.5	$ .8	$ 4.4	$ 6.5
Acceleration of debt issuance costs				
Interest portion of rental expense	6.2	7.5	8.6	9.4
Preferred Stock dividend requirements	6.8	6.5		
Fixed Charges and Preferred Stock Dividend Requirements	$ 17.5	$ 14.8	$ 13.0	$ 15.9
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDEND REQUIREMENTS	21.8x	20.3x	(1)	(2)

(1) For the year ended December 31, 2003, earnings were inadequate to cover fixed charges. We would need an additional $33.1 million of earnings in order to cover our fixed charges.

(2) For the year ended December 31, 2002, earnings were inadequate to cover fixed charges. We would need an additional $56.8 million of earnings in order to cover our fixed charges.

CALipso Sales Company (3)	Delaware
Centennial Asset Participações Amapá S.A.	Brazil
Cleveland-Cliffs International Holding Company (13) (14)	Delaware
Cleveland-Cliffs Ore Corporation (1) (2)	Ohio
Cliffs and Associates Limited (3)	Trinidad
Cliffs Asia-Pacific Pty Limited (13)	Australia
Cliffs Asia-Pacific Holdings Pty Limited (13)	Australia
Cliffs Australia Coal Pty Ltd (13)	Australia
Cliffs Australia Holdings Pty Ltd (13)	Australia
Cliffs Australia Washplant Operations Pty Ltd (13)	Australia
Cliffs Biwabik Ore Corporation (2)	Minnesota
Cliffs Empire, Inc. (1)	Michigan
Cliffs Erie L.L.C. (8)	Delaware
Cliffs (Gibraltar) Holdings Limited (15)	Gibraltar
Cliffs (Gibraltar) Holdings Limited Luxembourg S.C.S. (16)	Luxembourg
Cliffs (Gibraltar) Limited (16)	Gibraltar
Cliffs (Gibraltar) Mather I Limited (14)	Gibraltar
Cliffs International Luxembourg S.à.r.l. (16)	Luxembourg
Cliffs International Lux I S.à.r.l. (14)	Luxembourg
Cliffs International Lux II S.à.r.l. (14)	Luxembourg
Cliffs International Lux IV S.à.r.l. (14)	Luxembourg
Cliffs International Management Company LLC	Delaware
Cliffs International Mineração Brasil Ltda. (14)	Brazil
Cliffs International Participações Brasil Ltda. (14)	Brazil
Cliffs Marquette, Inc. (1) (2)	Michigan
Cliffs Mining Company	Delaware
Cliffs Mining Services Company	Delaware
Cliffs Minnesota Mining Company	Delaware
Cliffs Natural Stone, LLC (11)	Minnesota
Cliffs Oil Shale Corp. (2)	Colorado
Cliffs Reduced Iron Corporation	Delaware
Cliffs Reduced Iron Management Company (4)	Delaware
Cliffs Sales Company	Ohio
Cliffs Synfuel Corp. (2)	Utah
Cliffs TIOP, Inc. (1) (5)	Michigan
Cliffs (US) Mather I LLC (14)	Delaware
Empire Iron Mining Partnership (6)	Michigan
Hibbing Taconite Company, a joint venture (7)	Minnesota
IronUnits LLC	Delaware
Lake Superior & Ishpeming Railroad Company	Michigan
Lasco Development Corporation	Michigan
MMX Amapá Mineração Ltda. (14)	Brazil
Marquette Iron Mining Partnership (2)	Michigan
Marquette Range Coal Services Company (5) (6)	Michigan
Minerais Midway Ltee-Midway Ore Company Ltd. (8)	Quebec, Canada
Northshore Mining Company	Delaware
Pickands Hibbing Corporation (7)	Minnesota
Portman Limited (13)	Australia
Portman Iron Ore Limited (13)	Australia
Republic Wetlands Preserve LLC (2)	Michigan

Operations Pty Ltd

We consent to the incorporation by reference in:

Registration Statement No. 333-30391 on Form S-8 pertaining to the 1992 Incentive Equity Plan (as amended and restated as of May 13, 1997) and the related prospectus;

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

Registration Statement No. 333-06049 on Form S-8 pertaining to the Cleveland-Cliffs Inc Nonemployee Directors' Compensation Plan;

Registration Statement No. 333-84479 on Form S-8 pertaining to the 1992 Incentive Equity Plan (as amended and restated as of May 11, 1999); and

Post-Effective Amendment No. 1 to Registration Statement No. 333-64008 on Form S-8 pertaining to the Cleveland-Cliffs Inc Nonemployee Directors' Compensation Plan (as amended and restated as of January 1, 2004);

of our reports dated May 25, 2007, relating to the financial statements and financial schedule of Cleveland-Cliffs Inc (which report expresses an unqualified opinion and includes an explanatory paragraph concerning the adoption of new accounting standards in 2006), and management's report on the effectiveness of internal control over financial reporting (which report expresses an adverse opinion on the effectiveness of the Company's internal control over financial reporting due to the existence of a material weakness in 2006), appearing in this Annual Report on Form 10-K of Cleveland-Cliffs Inc for the year ended December 31, 2006.

/s/ DELOITTE & TOUCHE LLP

Cleveland, OH
May 25, 2007

I, Joseph A. Carrabba, certify that:

1. I have reviewed this annual report on Form 10-K of Cleveland-Cliffs Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 25, 2007

By: ______________________

Joseph A. Carrabba
Chairman, President and Chief Executive Officer

I, Laurie Brlas, certify that:

1. I have reviewed this annual report on Form 10-K of Cleveland-Cliffs Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for C

In connection with the Annual Report of Cleveland-Cliffs Inc (the “Company”) on Form 10-K for the year ended December 31, 2006 as filed with the Securities and Exchange Commission on the date hereof (the “Form 10-K”), I, Joseph A. Carrabba, Chairman, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer’s knowledge:

(1) The “Form 10-K”

In connection with the Annual Report of Cleveland-Cliffs Inc (the “Company”) on Form 10-K for the year ended December 31, 2006 as filed with the Securities and Exchange Commission on the date hereof (the “Form 10-K”), I, Laurie Brlas, Senior Vice President, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer’s knowledge:

(1) The Form 10-K fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Form 10-K.

Date: May 25, 2007

By: ______________________
Laurie Brlas
Senior Vice President,
Chief Financial Officer and Treasurer

Year Ended December 31, 2006:						
Deferred Tax Valuation Allowance	$ 11.1	$	$ .8	$	$	$ 11.9
Allowance for Doubtful Accounts	2.9	(2.9)				
Year Ended December 31, 2005:						
Deferred Tax Valuation Allowance	8.9			11.1	8.9	11.1
Allowance for Doubtful Accounts	4.8				1.9	2.9
Year Ended December 31, 2004:						
Deferred Tax Valuation Allowance	122.7	(113.8)				8.9
Allowance for Doubtful Accounts	4.8	1.6			1.6	4.8