
Plan Administrator
Northshore Mining Company and Silver Bay Power Company Retirement Savings Plan
Cleveland, Ohio

NOTES TO FINANCIAL STATEMENTS

Northshore Mining Company and Silver Bay Power Company
Retirement Savings Plan

The following description of The Northshore Mining Company and Silver Bay Power Company Retirement Savings Plan provides only general information. Participants should refer to the Plan document for a complete description of the Plan's provisions.

General:

The Plan, which began October 1, 1994, is a defined contribution plan covering all employees of Northshore Mining Company & Silver Bay Power Company who meet the eligibility requirements. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The Plan is currently operating under Amendment 9 effective March 13, 2007. The Amendment reflects a change in definitions in Plan Administrator, Trustee and Investment Committee. The Investment Committee shall make the selections of investment categories available to Participants.

Eligibility:

All full time employees of the Companies are eligible to participate in the Plan.

Contributions:

Employee deferral - Participants may elect a portion of their compensation between 1% to 35%, to be contributed to the Plan by the Company.

Employer Contributions - The Company contributes a matching contribution equal to 50% of Participant pre-tax contributions not in excess of 6% of participant's eligible earnings for the Plan year. An additional matching amount may be contributed by the Company based on the excess of 5% of the Company's pre-tax earnings over the minimum matching contribution.

The Company may also contribute for any Plan year additional matching amounts (as limited) as shall be determined by the Board of Directors of the Company.

Contributions are subject to limitations on annual additions and other limitations imposed by the Internal Revenue Code as defined in the Plan agreement.

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Investment Options:

Upon enrollment in the Plan, a participant may direct his or her contributions in any or all of the investment options offered by the Plan.

Basis of Accounting:

The Plan's investments are reported at fair value. Investment securities are stated at fair value as measured by quoted prices in active markets. Shares of mutual funds are valued at the net asset value of shares held by the Plan at year end. Investments include participant loans valued at their outstanding balances, which approximates fair value.

As described in Financial Accounting Standards Board Staff Position, FSP AAG INV-1 and SOP 94-4-1, Reporting of Fully Benefit-Responsive Contracts Held by Certain Investment Companies subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans (the FSP), investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net asset value of the plan attributable to the contracts. The contract value is the relevant measurement attribute for that portion of the net asset value of the plan attributable to the contracts.

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Administrative Fees:

The trust pays the trustee fees, audit fees and other expenses of the Plan, unless the Company elects to pay all or part of these expenses. For the years ended December 31, 2007 and 2006, the Company paid all such expenses, except for \$1,100 and \$1,446, respectively. Other administrative expenses of the Plan, such as salaries and use of facilities are paid by the Company.

Plan Termination:

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

Reclassifications:

Certain prior year amounts have been reclassified to conform with the current years presentation.

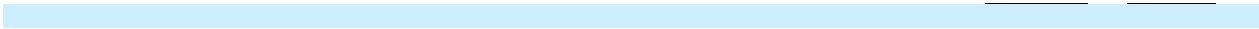
On April 17, 2003, the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended, however.

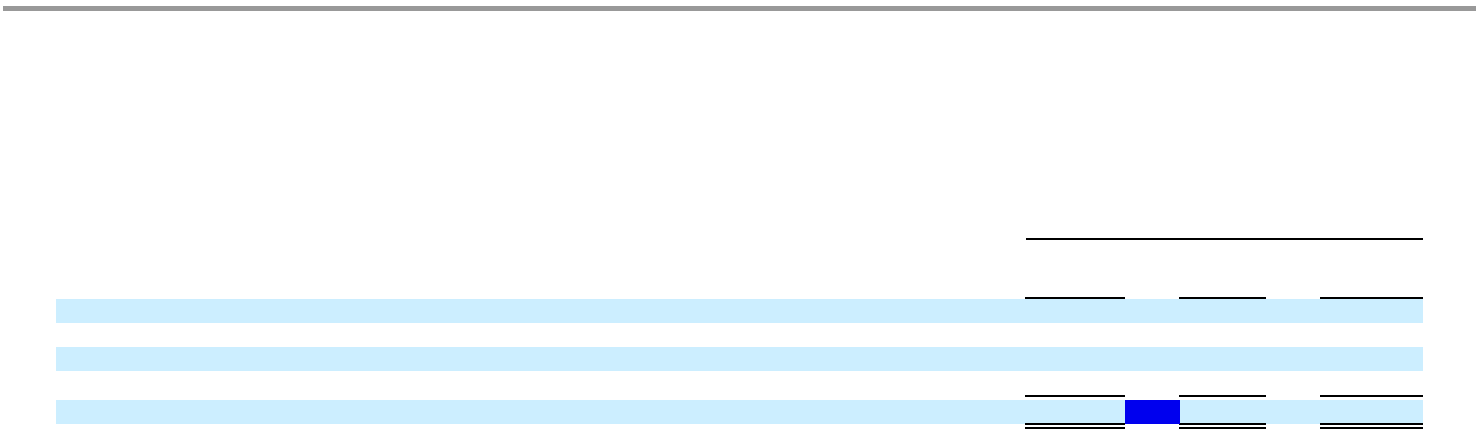
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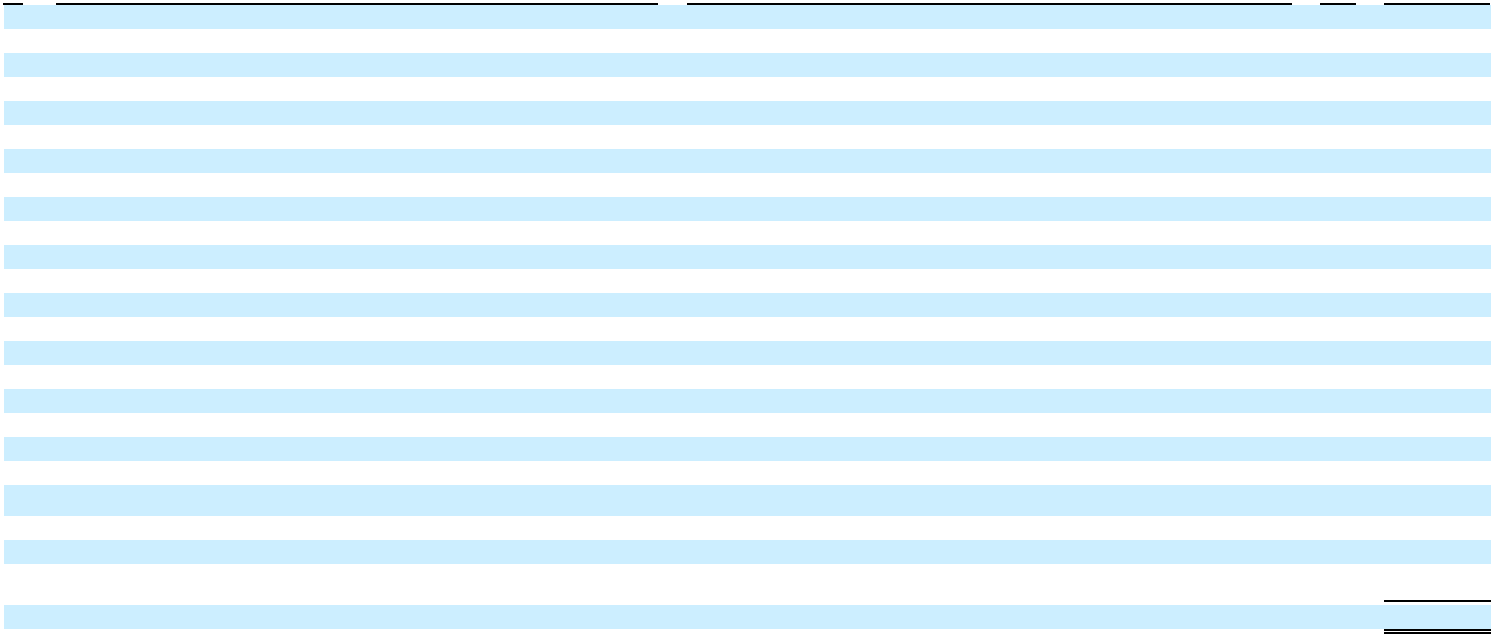
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Retirement Savings Plan

Net realized and unrealized appreciation in the fair value of investments, as determined by quoted market prices, is as follows:

Cleveland-Cliffs Inc. Common Stock		\$	μ	Ä







The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on their behalf by the undersigned hereunto duly authorized.

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Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference to the Registration Statement (Form S-8 No. 033-56661) pertaining to the Northshore Mining Company & Silver Bay Power Company Retirement Savings Plan of our report dated April 23, 2008, with respect to the financial statements of the Northshore Mining Company & Silver Bay Power Company Retirement Savings Plan included in this Annual Report (Form 11-K) for the years ended December 31, 2007 and 2006.