
4) Date Filed:

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Harbinger Capital Partners Master Fund I, Ltd.
c/o International Fund
Services (Ireland) Limited
Third Floor, Bishop's Square
Redmond's Hill, Dublin 2, Ireland

Harbinger Capital Partners Special Situations Fund, L.P.
555 Madison Avenue, 16th Floor
New York, New York 10022

September 8, 2008

Dear Fellow Shareholders:

Harbinger Capital Partners Master Fund I, Ltd., an exempted company organized under the laws of the Cayman Islands (the "Master Fund"), and Harbinger Capital Partners Special Situations Fund, L.P., a Delaware limited partnership (the "Special Fund" and, together with the Master Fund, "Harbinger"), are the beneficial owners of approximately 15.57 percent of the outstanding common shares of Cleveland-Cliffs Inc ("Cleveland-Cliffs" or the "Company") (based upon the Company's public filings) and, we believe, the Company's largest shareholder. Harbinger is seeking your support to authorize, in accordance with Section 1701.831 of the Ohio Revised Code (the "Control Share Acquisition Statute"), the acquisition by Harbinger of that number of common shares of the Company that, when added to all other shares in respect of which Harbinger may exercise or direct the exercise of voting power in the election of the Company's directors, would equal one-fifth or more (but less than one-third) of such voting power (the "Harbinger Share Acquisition").

We are seeking your support to approve the Harbinger Share Acquisition because we believe that Cleveland-Cliffs is a company with tremendous potential, but one greatly in need of a strong, independent voice that is committed to maximizing shareholder value. As you know, the Company and Alpha Natural Resources, Inc. ("Alpha") recently announced a merger agreement under which Cleveland-Cliffs would acquire all outstanding shares of Alpha in a cash and stock transaction valued, according to the Company, at approximately \$10 billion. Harbinger believes that this transaction is not in the best interests of the Company's shareholders. We believe that the historic performance and strategic position of the Company should provide shareholders with more favorable opportunities to reap significant value from their ownership of Company shares. We are not seeking control of the Company. Rather, we are seeking both to increase our own investment in the Company's future and to ensure that all opportunities available to the Company's shareholders receive a full and fair review.

Harbinger and certain of its affiliates and associates are seeking your support at the special meeting of shareholders, which is scheduled to be held on Friday, October 3, 2008, at 10:00 a.m., Ohio time, at The Mayfield Sand Ridge Club located at 1545 Sheridan Road, South Euclid, Ohio 44121, including any adjournments or postponements thereof (the "Special Meeting"), to take the following actions:

- (1) to vote "**FOR**" the authorization of the Harbinger Share Acquisition;
- (2) to vote "**FOR**" the adjournment of the Special Meeting if deemed desirable by Harbinger to allow additional time for the solicitation of proxies and completion of certifications to assure a quorum and, if possible, a vote at the Special Meeting in favor of the Harbinger Share Acquisition; and
- (3) to vote in their discretion on such other matters as may properly come before the Special Meeting for approval by shareholders.

The attached proxy statement, form of **GREEN** proxy card and accompanying certification of eligibility are first being furnished to the shareholders of the Company on or about September 8, 2008.

IMPORTANT

The Company has adopted extraordinary procedures for the Special Meeting which require shareholders to complete the form of certification included with their proxy card—in addition to the proxy card itself—in order for their votes to be counted fully in the vote on the Harbinger Share Acquisition proposal. Be sure to complete the certification included with your proxy card!

It is important that all shares be voted at the Special Meeting, including "interested shares."

Don't allow your vote to be disregarded!

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Only shareholders of record at the close of business on September 2, 2008 (the "Record Date"), are entitled to notice of, and to vote at, the Special Meeting. Authorization of the Harbinger Share Acquisition at the Special Meeting requires the affirmative vote of shareholders present at the Special Meeting in person or by proxy, representing at least: (1) a majority of the voting power entitled to vote in the election of Company directors represented at the Special Meeting in person or by proxy, and (2) a majority of the voting power entitled to vote in the election of Company directors, excluding any shares which are "Interested Shares," represented at the Special Meeting in person or by proxy (the "Second Majority Approval"). Under the Control Share Acquisition Statute, Interested Shares with respect to the Company's shares include, among other things, shares held by Harbinger, by any officer of the Company elected or appointed by the Company's board of directors, or by any employee of the Company that is also a director of the Company, and shares acquired by any person (and anyone acting in concert with that person) between the date of the public disclosure of the Harbinger Share Acquisition on August 14, 2008 and the Record Date if the aggregate purchase price of such shares exceeds \$250,000 or the number of shares so acquired exceeds one-half of one percent of the outstanding shares of the Company entitled to vote in the election of directors. Furthermore, the Company's board of directors has adopted certain presumptions and procedures (the "Procedures") to govern conduct at the Special Meeting and to exclude the voting power of Interested Shares with respect to the Second Majority Approval. According to the Procedures, all shares represented by a proxy coming to them

IMPORTANT

HARBINGER URGES YOU NOT TO SIGN ANY PROXY CARD SENT TO YOU BY THE COMPANY. IF YOU HAVE ALREADY DONE SO, YOU MAY REVOKE YOUR PROXY BEFORE IT IS VOTED AT THE MEETING BY: (I) SUBMITTING A REVOCATION LETTER WITH A LATER DATE THAN YOUR PRIOR PROXY CARD; (II) DELIVERING A SECOND SIGNED PROXY CARD DATED LATER THAN THE FIRST SIGNED PROXY CARD; OR (III) ATTENDING THE SPECIAL MEETING AND VOTING IN PERSON. SEE "QUESTIONS AND ANSWERS ABOUT THIS PROXY SOLICITATION" IN THE ATTACHED PROXY STATEMENT. YOU SHOULD SEND ANY LETTER OF REVOCATION TO OUR PROXY SOLICITOR, OKAPI PARTNERS, 330 MADISON AVENUE, 9TH FLOOR, NEW YORK, NEW YORK 10017.

If you have any questions or require any assistance with your vote, please contact:

**OKAPI PARTNERS LLC
330 MADISON AVENUE, 9TH FLOOR
NEW YORK, NY 10017**

CALL TOLL FREE: (877) 869-0171

OR

BANKS AND BROKERS CALL COLLECT: (212) 297-0720

OR

EMAIL: info@okapipartners.com

Thank you for your support.

**HARBINGER CAPITAL PARTNERS MASTER FUND I, LTD.
HARBINGER CAPITAL PARTNERS SPECIAL SITUATIONS FUND, L.P.**

PROXY STATEMENT
OF
HARBINGER CAPITAL PARTNERS MASTER FUND I, LTD.,
HARBINGER CAPITAL PARTNERS SPECIAL SITUATIONS FUND, L.P.,
HARBINGER CAPITAL PARTNERS OFFSHORE MANAGER, L.L.C.,
HMC INVESTORS, L.L.C.,
HARBINGER CAPITAL PARTNERS SPECIAL SITUATIONS GP, LLC,
HMC-NEW YORK, INC.,
HARBERT MANAGEMENT CORPORATION,
PHILIP FALCONE,
RAYMOND J. HARBERT
AND
MICHAEL D. LUCE

SPECIAL MEETING OF SHAREHOLDERS
OF
CLEVELAND-CLIFFS INC
TO BE HELD OCTOBER 3, 2008

This proxy statement and the enclosed **GREEN** proxy card and accompanying certification of eligibility are being furnished to you, the shareholders of Cleveland-Cliffs Inc, an Ohio corporation (the "Company"), by Harbinger Capital Partners Master Fund I, Ltd., an exempted company organized under the laws of the Cayman Islands (the "Master Fund"), and Harbinger Capital Partners Special Situations Fund, L.P., a Delaware limited partnership (the "Special Fund" and, together with the Master Fund, "Harbinger"), in connection with the solicitation of proxies to be used at the special meeting of shareholders, includ) s't n





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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements. These statements may be identified by the use of forward-looking terminology such as the words “expects,” “intends,” “believes,” “anticipates” and other terms with similar meaning indicating possible future events or actions or potential impact on the business or shareholders of the Company. These forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties that could cause actual results to differ materially, including the risk that Harbinger may not be able to complete the purchases of Common Shares contemplated by the Harbinger Share Acquisition, that market conditions, market prices, developments with the Company or changes in the Company’s prospects may render such purchases financially undesirable to Harbinger or that Harbinger may not be able to acquire shares prior to any record date set for any special meeting called in connection with the Alpha transaction or otherwise be able to obtain the ability to vote such shares at any such meeting. Accordingly, you should not rely upon forward-looking statements as a prediction of actual results.

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QUESTIONS AND ANSWERS ABOUT THIS PROXY SOLICITATION

Why am I being asked to vote?

You are being asked to vote because you are a shareholder of the company.

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How many shares are outstanding?

For the number of Common Shares and shares of Series A-2 Preferred Stock issued and outstanding as of the Record Date and entitled to vote at the Special Meeting, please see the Company's definitive proxy statement with respect to the Special Meeting when filed with the Securities and Exchange Commission.

Who may attend the Special Meeting?

All shareholders of record as of the Record Date may attend the Special Meeting. If you hold your shares in street name, you may attend and vote in person at the Special Meeting if you obtain a legal proxy from your broker or other nominee. All shareholders must present photo identification for admittance to the Special Meeting. For more information, please refer to the proxy statement filed with the SEC.

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- a majority of the voting power entitled to vote in the election of Company directors, excluding any shares which are “Interested Shares,” represented at the Special Meeting in person or by proxy (the “Second Majority Approval”).

Interested Shares has the meaning ascribed to it in the Control Share Acquisition Statute. With respect to the Company, a person will be considered a holder of Interested Shares if such person may exercise or direct the exercise of the voting power of the categories of shares identified below in the election of the Company’s directors. All Interested Shares will be ineligible to be counted in determining the Second Majority Approval:

- (1) The 16,616,472 Common Shares owned by Harbinger.
- (2) The shares owned by (i) officers of the Company elected or appointed by the Board or (ii) any employee of the Company who is also a director of the Company. Shareholders should see the Company’s definitive proxy statement with respect to the Special Meeting for the aggregate number of shares held by such individuals as of the Record Date.
- (3) The shares acquired by any person for valuable consideration during the period beginning August 14, 2008, the date of the first public disclosure of the Harbinger Share Acquisition, and ending on the Record Date (such period, the “Restricted Period”), if (A) the aggregate consideration paid by such person for such shares exceeds \$250,000 or (B) the number of shares so acquired exceeds one-half of one percent of the Company’s shares outstanding.
- (4) The shares owned by any person that transfers such shares for valuable consideration after the Record Date, if the transfer of such shares is accompanied by the transfer of the voting power of such transferred shares in the form of a blank proxy, an agreement to vote as instructed by the transferee, or otherwise.

Under the Control Share Acquisition Statute, all shares acquired by any person during the Restricted Period for an aggregate purchase price of more than \$250,000 will be considered Interested Shares, including the first \$250,000 worth of such shares. Also, shares acquired by persons acting in concert will be aggregated for the purpose of calculating the \$250,000 threshold and shares that may be voted by more than one person will be considered to be owned by each such person for purposes of determining whether such shares are Interested Shares. Furthermore, according to the procedures adopted by the Board to govern conduct at the Special Meeting (the “Procedures”), shares that are considered Interested Shares because they were purchased during the Restricted Period as part of an aggregate purchase of \$250,000 or more of shares will remain Interested Shares if owned by such purchaser as of the Record Date even if the purchaser of such shares at some point during that period disposes of some of such shares. For instance, if a person that buys \$1,000,000 worth of shares during the Restricted Period, then sells \$800,000 worth of shares during that period, all of such person’s shares acquired during that period and still owned as of the Record Date are Interested Shares.

A description of the requirements of the Control Share Acquisition Statute is provided in this proxy statement under the heading “THE CONTROL SHARE ACQUISITION STATUTE”.

Adjournment of the Special Meeting

Approval of the proposal to authorize adjournment of the Special Meeting if deemed desirable by Harbinger to allow additional time for the solicitation of proxies and completion of certifications to assure a quorum and, if possible, a vote at the Special Meeting in favor of the Harbinger Share Acquisition, requires the affirmative vote of a majority of the shares represented in person or by proxy at the Special Meeting.

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What is a “quorum” and why is it necessary?

The holders of record of a majority of the voting power entitled to vote in the election of the Company’s directors, present in person or by proxy, will constitute a quorum at the Special Meeting. The presence of a quorum of shareholders at the Special Meeting is required in order for the business of shareholders to be conducted.

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THE HARBINGER SHARE ACQUISITION PROPOSAL

Harbinger proposes to acquire that number of Common Shares that, when added to all other shares in respect of which Harbinger may exercise or direct the exercise of voting power in the election of the Company's directors, would equal one-fifth or more (but less than one-third) of such voting power. Harbinger intends to acquire Common Shares in one or more transactions to occur during the 360-day period following the date shareholders authorize the Harbinger Share Acquisition. Harbinger intends to acquire the Common Shares in one or more purchases in the open market and/or one or more block trades. There can be no assurance that Harbinger will be able to complete the purchases of Common Shares contemplated by the Harbinger Share Acquisition, that market conditions, market prices, developments with the Company or changes in the Company's prospects will not render such purchases financially undesirable to Harbinger or that Harbinger will be able to acquire shares prior to any record date set for any special meeting called in connection with the Alpha transaction or otherwise be able to obtain the ability to vote such shares at any such meeting.

Harbinger is the beneficial owner of approximately 15.57 percent of the outstanding Common Shares (based upon the Company's public filings) and, we believe, the Company's largest shareholder. We are seeking your support to approve the Harbinger Share Acquisition because we believe that Cleveland-Cliffs is a company with tremendous potential, but one greatly in need of a strong, independent voice that is committed to maximizing shareholder value.

Harbinger believes that the Company occupies a unique position in the North American steelmaking supply chain. As a leading supplier of iron ore pellet capacity with strong ongoing relationships with leading steelmakers, we believe that the Company is one of the most strategically advantaged materials companies in North America. While we support the Company's stated goal of expanding the scope of its metallurgical coal operations, we believe these efforts bring new risks and management challenges that resnetimpany witval g paged:thal exe Har

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institutional holders. Harbinger will request banks, brokerage houses and other custodians, nominees and fiduciaries to forward all solicitation materials to the beneficial owners of the shares they hold of record. Harbinger intends to reimburse these record holders for their reasonable out-of-pocket expenses in so doing.

The entire expense of soliciting proxies is being borne by Harbinger.

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ITEM 4. RANGE OF VOTING POWER.

Collectively, the Acquiring Person proposes to acquire a number of Shares, that when added to the Acquiring Person's current Share ownership, would equal one-fifth or more (but less than one-third) of the Corporation's voting power in the election of directors, as described in Section 1701.01(Z)(1)(a) of the Ohio Revised Code. The Acquiring Person does not intend, either alone or in concert with another person, to exercise control of the Corporation by proposing to acquire that number of Shares described in this Acquiring Person Statement.

ITEM 5. TERMS OF PROPOSED CONTROL SHARE ACQUISITION.

The Acquiring Person proposes to acquire the Shares in one or more transactions to occur during the 360-day period following the date the Corporation's shareholders authorize the proposed acquisition. The Acquiring Person proposes to acquire the Shares in one or more purchases in the open market and/or one or more block trades.

ITEM 6. REPRESENTATIONS OF LEGALITY; FINANCIAL CAPACITY.

The Acquiring Person hereby represents that the proposed control share acquisition, if consummated, will not be contrary to law. This representation is based on the facts that the Acquiring Person is delivering this Acquiring Person Statement in accordance with Section 1701.831 of the Ohio Revised Code, and the Acquiring Person intends to make the proposed acquisition only if it is duly authorized by the shareholders of the Un to occur^{ns to occur} up^{up} emen

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(D) Notice of the special meeting of shareholders shall be given as promptly as reasonably practicable by the iss

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(2) Voting shares of a foreign parent corporation are issued or transferred in consideration in whole or in part for the transfer of such assets to one or more of its domestic subsidiaries. ~~ii~~ ~~iii~~

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(EE) “ ” means any of the following:

- (1) A for profit corporation existing under the laws of this state or any other state;
- (2) Any of the following organizations existing under the laws of this state, the United States, or any other state:
 - (a) A business trust or association;
 - (b) A r \uparrow

IMPORTANT

Your vote is very important! No matter how many shares you own, please give Harbinger your proxy with

PROXY SOLICITED BY

**HARBINGER CAPITAL PARTNERS MASTER FUND I, LTD.,
HARBINGER CAPITAL PARTNERS SPECIAL SITUATIONS FUND, L.P.,
HARBINGER CAPITAL PARTNERS OFFSHORE MANAGER, L.L.C.,
HMC INVESTORS, L.L.C.,
HARBINGER CAPITAL PARTNERS SPECIAL SITUATIONS GP, LLC,
HMC – NEW YORK, INC.,
HARBERT MANAGEMENT CORPORATION,
PHILIP FALCONE,
RAYMOND J. HARBERT
AND
MICHAEL D. LUCE**

YOUR VOTE IS VERY IMPORTANT

Please take a moment to vote on the enclosed proxy card.

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All previous proxies given by the undersigned to vote at the Special Meeting or at any adjournment or postponement thereof are hereby revoked.

Date: _____, 2008

(Signature)

(Signature, if jointly held)

(Title)

NOTE: Please sign your name exactly as it appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give your full title as such. If signing on behalf of a corporation, please sign in full corporate name by the president or other authorized officer(s). If signing on behalf of a partnership, please sign in full partnership name by authorized person(s).

Please be sure to read the certification included with this proxy card and to mark the appropriate box indicating whether you are a holder of “interested shares.”

CERTIFICATION AS TO ELIGIBILITY TO VOTE

As described in our proxy statement, the Control Share Acquisition Statute requires that the control share acquisition be authorized by a vote of the majority of shares of Cleveland-Cliffs Inc (“Cleveland-Cliffs”) entitled to vote in the election of directors, excluding any “Interested Shares,” represented at the Special Meeting in person or by proxy. Any terms used but not defined herein shall have the meaning assigned to them in our proxy statement.

For purposes ofm in

**SPECIAL MEETING VOTING INSTRUCTIONS IN CONNECTION WITH
PROVISIONS OF THE CONTROL SHARE ACQUISITION STATUTE**

CLEVELAND-CLIFFS INC

Voting Procedures—Beneficial Owners

To All Banks, Brokers and Nominees:

Enclosed is the Proxy Statement of Harbinger Capital Partners Master Fund I, Ltd. (the “Master Fund”) and Harbinger Capital Partners Special Situations Fund, L.P. (the “Special Fund”, and together with the Master Fund, “Harbinger”) dated September 8, 2008 (the “Harbinger Proxy Statement”) for the special meeting of shareholders of Cleveland Cliffs Inc (the “Company”) to be held on Octo

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Furthermore, shares that are considered Interested Shares because they were purchased during the Restricted Period as part of an aggregate purchase of \$250,000 or more of shares will remain Interested Shares if owned by such purchaser as of the Record Date even if the purchaser of such shares at some point during that period disposes of some of such shares. For instance, if a person who buys \$1,000,000 worth of shares during the Restricted Period, then sells \$800,000 worth of common shares during that period, all of such person's shares acquired during that period and still owned as of the Record Date are Interested Shares.

The Control Share Acquisition Statute requires that shares acquired by persons acting in concert be aggregated for the purpose of calculating the \$250,000 threshold for determination of Interested Share status. In the event that shares are entitled to be voted by more than one person, or two or more persons share voting power, all of such shares will be considered to be owned by each such person for purposes of determining whether such shares are Interested Shares.

If you are a broker or bank, do not certify the eligibility of shares without receiving the Certification from your client or customer Only the beneficial owner can certify the shares are Interested Shares as represented by the Proxy Card.

September 8, 2008.