

Item 1.01 Entry into a Material Definitive Agreement.

An Interim Agreement ("Agreement") was entered into effective May 5, 2006 between Wisconsin Electric Power Company ("WEPCo") and two of Cleveland-Cliffs Inc.'s (the "Company") mines, Tilden Mining Company L.C. and Empire Iron Mining Partnership (collectively, the "Mines"). Under the terms of the Agreement, the Company received a net amount of approximately \$53 million dollars, representing a rebate of amounts in excess of certain contractual caps paid either to WEPCo or placed in escrow. In the arbitration, among other issues, the Mines are disputing WEPCo's unilateral adoption of a new billing methodology that the Mines contend is inconsistent with the terms of the parties' contracts. The Agreement also temporarily adjusts the billing and payment provisions of the contracts during the pendency of the arbitration, without affecting the final outcome of the dispute. As of May 5, 2006, a total of approximately \$21 million remains in the escrow accounts, which represents portions of WEPCo's 2005 and 2006 billings that remain in dispute in the arbitration. Approximately \$9.2 million in additional funds will be paid by the Mines into the escrow accounts by May 16, 2006, representing disputed amounts in connection with WEPCo's bills for service rendered in January, February and March of 2006.

SIGNATURES

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

Cleveland-Cliffs Inc
