UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2008
OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from______ to ______.

Commission File Number: 1-8944

CLEVELAND-CLIFFS INC
(Exact Name of Registrant as Specified in Its Charter)

Ohio	34-1464672
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

1100 Superior Avenue, Cleveland, Ohio 44114-2544
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: (216) 694-5700

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 X NO ____

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer X	Accelerated filer ____
Non-accelerated filer ____	Smaller reporting company ____

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 July 28, 2008, there were 106,720,100 Common Shares (par value $0.125 per share) outstanding.

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Definitions

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.

Abbreviation or acronym	Term
AAA	American Arbitration Association
Alpha or ANR	Alpha Natural Resources, Inc.
Amapá	MMX Amapá Mineração Limitada
ArcelorMittal	ArcelorMittal USA Inc.
ASX	Australian Stock Exchange
CAWO	Cliffs Australian Washplant Operations Pty Ltd
Cockatoo Island	Cockatoo Island Joint Venture
Dofasco	ArcelorMittal Dofasco Inc.
EITF	Emerging Issues Task Force
Empire	Empire Iron Mining Partnership
EPA	United States Environmental Protection Agency
FASB	Financial Accounting Standards Board
F.O.B.	Free on board
FSP	FASB Staff Position
GAAP	Accounting principles generally accepted in the United States
Golden West	Golden West Resources Ltd.
Hibbing	Hibbing Taconite Company
ICE Plan	Incentive Equity Plan
Kobe Steel	Kobe Steel, LTD.
LIBOR	London Interbank Offered Rate
LTVSMC	LTV Steel Mining Company
MD&A	Management’s Discussion and Analysis of Financial Condition and Results of Operations
MMBTU	Million British Thermal Units
MMX	MMX Mineração e Metalicos S.A.
MPCA	Minnesota Pollution Control Agency
MSHA	Mine Safety and Health Administration
NPDES	National Pollutant Discharge Elimination System
Northshore	Northshore Mining Company
NRD	Natural Resource Damages
Oak Grove	Oak Grove Resources, LLC
OPEB	Other postretirement benefits
Pinnacle	Pinnacle Mining Company, LLC
PinnOak	PinnOak Resources, LLC
Portman	Portman Limited
PCAOB	Public Company Accounting Oversight Board
Renewafuel	Renewafuel, LLC
RTWG	Rio Tinto Working Group
SEC	United States Securities and Exchange Commission
Severstal	Severstal North America, Inc.
SFAS	Statement of Financial Accounting Standards
Sonoma	Sonoma Coal Project
Tilden	Tilden Mining Company L.C.
Tonne	Metric ton
United Taconite	United Taconite LLC
VEBA	Voluntary Employee Benefit Association trusts
VNQDC Plan	Voluntary Non-Qualified Deferred Compensation Plan
Wabush	Wabush Mines Joint Venture

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PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES

STATEMENTS OF UNAUDITED CONDENSED CONSOLIDATED OPERATIONS

	(In Millions, Except Per Share Amounts)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
REVENUES FROM PRODUCT SALES AND SERVICES				
Product	$ 921.6	$ 474.6	$ 1,333.6	$ 740.8
Freight and venture partners' cost reimbursements	87.0	73.0	169.5	132.3
	1,008.6	547.6	1,503.1	873.1
COST OF GOODS SOLD AND OPERATING EXPENSES	(582.3)	(418.0)	(994.3)	(681.7)
SALES MARGIN	426.3	129.6	508.8	191.4
OTHER OPERATING INCOME (EXPENSE)				
Casualty recoveries	10.0	3.2	10.0	3.2
Royalties and management fee revenue	7.1	4.0	10.9	6.2
Selling, general and administrative expenses	(52.1)	(21.5)	(96.6)	(42.2)
Gain on sale of other assets	19.5	-	21.0	-
Miscellaneous - net	(1.4)	0.6	(1.9)	2.2
	(16.9)	(13.7)	(56.6)	(30.6)
OPERATING INCOME	409.4	115.9	452.2	160.8
OTHER INCOME (EXPENSE)				
Interest income	6.3	4.6	11.9	9.9
Interest expense	(9.8)	(2.1)	(17.0)	(3.1)
Other - net	0.3	(1.2)	0.3	0.1
	(3.2)	1.3	(4.8)	6.9
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY LOSS FROM VENTURES	406.2	117.2	447.4	167.7
PROVISION FOR INCOME TAXES	(107.4)	(25.8)	(121.6)	(39.3)
MINORITY INTEREST (net of tax of $9.6, $1.9, $10.9 and $3.9)	(22.4)	(4.5)	(25.5)	(9.0)
EQUITY LOSS FROM VENTURES	(6.2)	-	(13.1)	-
NET INCOME	270.2	86.9	287.2	119.4
PREFERRED STOCK DIVIDENDS	(0.4)	(1.4)	(1.3)	(2.8)
INCOME APPLICABLE TO COMMON SHARES	$ 269.8	$ 85.5	$ 285.9	$ 116.6
EARNINGS PER COMMON SHARE - BASIC	$ 2.75	$ 1.05	$ 3.04	$ 1.43
EARNINGS PER COMMON SHARE - DILUTED	$ 2.57	$ 0.83	$ 2.73	$ 1.14
AVERAGE NUMBER OF SHARES (IN THOUSANDS)				
Basic	98,127	81,544	94,031	81,380
Diluted	105,227	104,664	105,087	104,508

See notes to unaudited condensed consolidated financial statements.

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CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES
STATEMENTS OF CONDENSED CONSOLIDATED FINANCIAL POSITION

	(In Millions)	
	June 30, 2008	December 31, 2007
ASSETS	(Unaudited)	
CURRENT ASSETS		
Cash and cash equivalents	$ 320.4	$ 157.1
Accounts receivable	291.9	84.9
Inventories	466.8	241.9
Supplies and other inventories	81.6	77.0
Derivative assets	157.9	69.5
Other	124.5	124.2
TOTAL CURRENT ASSETS	1,443.1	754.6
PROPERTY, PLANT AND EQUIPMENT LESS ACCUMULATED DEPRECIATION AND DEPLETION - $406.1 ($330.9 in 2007)	2,091.3	1,823.9
OTHER ASSETS		
Investments in ventures	265.3	265.3
Marketable securities	102.4	55.7
Deferred income taxes	42.2	42.1
Other	102.6	134.2
TOTAL OTHER ASSETS	512.5	497.3
TOTAL ASSETS	$ 4,046.9	$ 3,075.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 172.5	$ 149.9
Accrued employment costs	67.7	73.2
Accrued expenses	71.2	50.1
Income taxes payable	103.2	11.5
State and local taxes payable	35.9	33.6
Environmental and mine closure obligations	6.8	7.6
Deferred revenue	9.0	28.4
Other	49.0	45.3
TOTAL CURRENT LIABILITIES	515.3	399.6
PENSIONS	98.9	90.0
OTHER POSTRETIREMENT BENEFITS	114.2	114.8
ENVIRONMENTAL AND MINE CLOSURE OBLIGATIONS	125.0	123.2
DEFERRED INCOME TAXES	238.5	189.0
SENIOR NOTES	325.0	-
TERM LOAN	200.0	200.0
REVOLVING CREDIT	160.0	240.0
CONTINGENT CONSIDERATION	178.5	99.5
DEFERRED PAYMENT	99.1	96.2
OTHER LIABILITIES	141.5	107.3
TOTAL LIABILITIES	2,196.0	1,659.6
MINORITY INTEREST	187.1	117.8
COMMITMENTS AND CONTINGENCIES		
3.25% REDEEMABLE CUMULATIVE CONVERTIBLE PERPETUAL PREFERRED STOCK - ISSUED 172,500 SHARES OUTSTANDING 19,555 AND 134,715 IN 2008 AND 2007	19.6	134.7
SHAREHOLDERS' EQUITY		
Common Shares - par value $0.125 a share		
Authorized - 224,000,000 shares; Issued - 134,623,528 shares		
Outstanding - 102,615,681 shares (net of treasury shares)	16.8	16.8
Capital in excess of par value of shares	149.6	116.6
Retained earnings	1,589.5	1,316.2
Cost of 32,007,847 Common Shares in treasury (2007 - 47,455,922 shares)	(172.5)	(255.6)
Accumulated other comprehensive income (loss)	60.8	(30.3)
TOTAL SHAREHOLDERS' EQUITY	1,644.2	1,163.7
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 4,046.9	$ 3,075.8

See notes to unaudited condensed consolidated financial statements.

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CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES
STATEMENTS OF UNAUDITED CONDENSED CONSOLIDATED CASH FLOWS

	(In Millions) Six Months Ended June 30,	
	2008	2007
CASH FLOW FROM OPERATIONS		
OPERATING ACTIVITIES:		
Net income	$ 287.2	$ 119.4
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation, depletion and amortization	78.1	42.4
Minority interest	25.5	9.0
Tax contingency reserve	18.8	-
Equity loss in ventures	13.1	-
Share-based compensation	10.8	3.2
Derivatives and currency hedging	(66.1)	(5.7)
Gain on sale of assets	(14.3)	(0.3)
Property damage recoveries	(10.0)	-
Excess tax benefit from share-based compensation	(3.3)	(3.9)
Deferred income taxes	(3.1)	(10.7)
Pensions and other postretirement benefits	(2.0)	1.1
Environmental and closure obligations	(0.3)	2.0
Other	(1.2)	4.8
Changes in operating assets and liabilities:		
Product inventories	(205.3)	(159.0)
Receivables and all other assets	(108.4)	8.1
Payables and accrued expenses	63.4	(48.1)
Net cash provided (used) by operating activities	82.9	(37.7)
INVESTING ACTIVITIES:		
Purchase of minority interest in Portman	(137.8)	-
Purchase of property, plant and equipment	(59.1)	(46.2)
Investment in marketable securities	(27.0)	(36.0)
Investments in ventures	(2.2)	(223.7)
Proceeds from sale of assets	38.6	1.8
Redemption of marketable securities	20.3	-
Proceeds from property damage insurance recoveries	10.0	-
Net cash used by investing activities	(157.2)	(304.1)
FINANCING ACTIVITIES:		
Borrowings under revolving credit facility	260.0	165.0
Repayment under revolving credit facility	(340.0)	(40.0)
Borrowings under senior notes	325.0	-
Excess tax benefit from share-based compensation	3.3	3.9
Contributions by minority interest	1.8	1.5
Common stock dividends	(16.9)	(10.2)
Preferred stock dividends	(1.3)	(2.8)
Repayment of other borrowings	(6.8)	(2.4)
Proceeds from stock options exercised	-	0.1
Repurchases of common stock	-	(2.2)
Net cash from financing activities	225.1	112.9
EFFECT OF EXCHANGE RATE CHANGES ON CASH	12.5	6.5
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	163.3	(222.4)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	157.1	351.7
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 320.4	$ 129.3

See notes to unaudited condensed consolidated financial statements.

CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2008

NOTE 1 – BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with SEC rules and regulations and in the opinion of management, contain all adjustments (consisting of normal recurring adjustments) necessary to present fairly, the financial position, results of operations and cash flows for the periods presented. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The interim results are not necessarily indicative of results for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with the financial statements and notes included in Cleveland-Cliffs' Annual Report on Form 10-K for the year ended December 31, 2007. All common shares and per share amounts have been adjusted retroactively to reflect the two-for-one stock split effective May 15, 2008.

The unaudited condensed consolidated financial statements include our accounts and the accounts of our consolidated subsidiaries, including the following significant subsidiaries:

Name	Location	Ownership Interest	Operation
Northshore	Minnesota	100.0%	Iron Ore
Pinnacle	West Virginia	100.0%	Coal
Oak Grove	Alabama	100.0%	Coal
Portman	Western Australia	85.2%	Iron Ore
Tilden	Michigan	85.0%	Iron Ore
Empire	Michigan	79.0%	Iron Ore
United Taconite	Minnesota	70.0%*	Iron Ore

* On July 11, 2008 we acquired the remaining 30 percent from minority interest shareholders, with an effective date of July 1, 2008.

Intercompany accounts are eliminated upon consolidation.

On May 21, 2008, Portman authorized a tender offer to repurchase up to 16.5 million shares, or 9.39 percent of its common stock. On this date, we owned 80.4 percent of the approximately 176 million shares outstanding in Portman and indicated we would not participate in the tender buyback. Under the share tender program, eligible shareholders could offer to sell some or all of their shareholdings at a fixed-price discount of 14 percent to the volume-weighted average price of Portman shares traded on ASX during the five trading days after the date of announcement. The tender period closed on June 24, 2008. Under the buyback, 9.8 million fully paid ordinary shares were tendered at a price of A$14.66 per share. The total consideration paid under the buyback was A$143.3 million. As a result of the buyback, our ownership interest in Portman increased from 80.4 percent to 85.2 percent. See NOTE 4 – ACQUISITIONS & OTHER INVESTMENTS for further information.

Through various interrelated arrangements, we achieve a 45 percent economic interest in Sonoma, despite the ownership percentages of the individual pieces of Sonoma. We own 100 percent of CAWO, 8.33 percent of the exploration permits and applications for mining leases for the real estate that is involved in Sonoma ("Mining Assets") and 45 percent of the infrastructure, including the construction of a rail loop and related equipment ("Non-Mining Assets"). CAWO is consolidated as a wholly-owned subsidiary, and as a result of being the primary beneficiary, we absorb greater than 50 percent of the residual returns and expected losses of CAWO. We record our ownership share of the Mining Assets and Non-Mining Assets and share in the respective costs.

Our investments in ventures include our 30 percent equity interest in Amapá, an iron ore project located in Brazil, our 23 percent equity interest in Hibbing, an unincorporated joint venture in Minnesota, our 26.83 percent equity interest in Wabush, an unincorporated joint venture located in Canada, and Portman's 50 percent non-controlling interest in Cockatoo Island.

Investments in certain joint ventures (Wabush, Cockatoo Island, Hibbing) in which our ownership is 50 percent or less, or in which we do not have control but have the ability to exercise significant influence over operating and financial policies, are accounted for under the equity method. Our share of equity income (loss) is eliminated against consolidated product inventory upon production, and against cost of goods sold and operating expenses when sold. This effectively reduces our cost for our share of the mining venture's production to its cost, reflecting the cost-based nature of our participation in unconsolidated ventures.

Our 30 percent ownership interest in Amapá, in which we do not have control but have the ability to exercise influence over operating and financial policies, is accounted for under the equity method. Accordingly, our share of the results from Amapá is reflected as *Equity loss from ventures* on the Statements of Unaudited Condensed Consolidated Operations.

The following table presents the detail of our investments in ventures and where those investments are classified on the Statements of Condensed Consolidated Financial Position. Parentheses indicate a net liability.

			(In Millions)	
Investment	Classification	Interest Percentage	June 30, 2008	December 31, 2007
Amapá	*Investments in ventures*	30	$ 251.8	$ 247.2
Wabush	*Investments in ventures*	27	6.7	5.8
Cockatoo	*Other current liabilities*	50	(16.6)	(9.9)
Hibbing (1)	*Investments in ventures*	23	0.5	(0.3)
Other	*Investments in ventures*		6.3	12.3
			$ 248.7	$ 255.1

(1) Recorded as *Other liabilities* at December 31, 2007.

The increase in the liability related to Cockatoo is primarily attributable to an increase in the estimated asset retirement obligation in connection with a revised assessment of the mine closure plan.

In preparing our second quarter 2008 interim financial statements, we determined that we should have recognized additional revenue of approximately $55 million in our first quarter 2008 interim financial statements. In accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* ("SFAS 133"), the fair value of the derivative asset relating to shipments made, on which pricing was not yet settled, should have been estimated and recognized in earnings. At the time such shipments were made during the first quarter, we recorded revenue using 2007 international benchmark pricing and should have recorded a derivative asset for the expected increase in the 2008 international benchmark in addition to the amount we recorded in revenue. Although the amount of this adjustment is quantitatively significant to the first quarter of 2008, the additional revenue is fully recorded in our second quarter interim financials and is, therefore, correctly reflected in 2008 year to date earnings by the end of the second quarter. Additionally, we disclosed the nature and potential amount of the adjustment in our first quarter MD&A. Accordingly, we do not believe that this adjustment materially misstates or warrants restatement of our first quarter 2008 unaudited condensed consolidated financial statements.

NOTE 2 – ACCOUNTING POLICIES

Revenue Recognition

North American Iron Ore

Revenue is recognized on the sale of products when title to the product has transferred to the customer in accordance with the specified provisions of each term supply agreement and all applicable criteria for revenue recognition have been satisfied. Most of our North American Iron Ore term supply agreements provide that title transfers to the customer when payment is received. Under some term supply agreements, we ship the product to ports on the lower Great Lakes and/or to the customer's facilities prior to the transfer of title. Certain supply agreements with one customer include provisions for supplemental revenue or refunds based on the customer's annual steel pricing at the time the product is consumed in the customer's blast furnaces. We account for this provision as a derivative instrument at the time of sale and record this provision at fair value until the product is consumed and the amounts are settled as an adjustment to revenue.

Revenue also includes reimbursement for freight charges. The following table is a summary of reimbursement in our North American Iron Ore operations for the three and six months ended June 30, 2008 and 2007:

	(In Millions)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Reimbursements for:				
Freight	$ 24.6	$ 21.1	$ 41.6	$ 33.3
Venture partners' cost	53.7	51.9	106.2	99.0
Total reimbursements	$ 78.3	$ 73.0	$ 147.8	$ 132.3

North American Coal

We recognize revenue when title passes to the customer. For domestic coal sales, this generally occurs when coal is loaded into rail cars at the mine. For export coal sales, this generally occurs when coal is loaded into the vessels at the terminal. Revenue from product sales for the three and six months ended June 30, 2008 included reimbursement for freight charges of $8.7 million and $21.7 million, respectively.

Asia-Pacific Iron Ore

Sales revenue is recognized at the F.O.B. point, which is generally when the product is loaded into the vessel.

Deferred Revenue

In 2008, the terms of one of our North American Iron Ore pellet supply agreements require a prepayment by the customer for one estimated weekly shipment of pellets in addition to the amount of the bi-weekly invoice for shipments previously made. In 2007, the terms of the agreement required semi-monthly installments equaling 1/24th of the estimated total purchase value of the calendar-year nomination. In both years, revenue related to this supply agreement has been recognized when title transfers upon shipment of the pellets. Installment amounts received in excess of sales totaled $9.0 million and $14.6 million, which were recorded as *Deferred revenue* on the Statements of Condensed Consolidated Financial Position at June 30, 2008 and December 31, 2007, respectively.

Two of our North American Iron Ore customers purchased and paid for approximately 1.5 million tons of iron ore pellets in stockpiles in the fourth quarter of 2007. The customers requested the Company to not ship the iron ore pellets until the spring of 2008 under a fixed shipment schedule, when the Great Lakes waterways re-opened for shipping. Freight revenue related to these transactions of $13.8 million was deferred on the Statements of Condensed Consolidated Financial Position at December 31, 2007 and subsequently recognized in 2008 upon shipment. First and second quarter 2008 freight revenues included $5.3 million and $8.5 million, respectively, related to the shipment of 0.6 million and 0.9 million respective tons of pellets from the stockpiles.

Derivative Financial Instruments

Portman receives funds in United States currency for its iron ore sales. Portman uses forward exchange contracts, call options, collar options and convertible collar options, designated as cash flow hedges, to hedge its foreign currency exposure for a portion of its sales receipts. United States currency is converted to Australian dollars at the currency exchange rate in effect at the time of the transaction. The primary objective for the use of these instruments is to reduce the volatility of earnings due to changes in Australian and United States currency exchange rates and to protect against undue adverse movement in these exchange rates. At June 30, 2008, Portman had $559.2 million of outstanding exchange rate contracts in the form of call options, collar options, convertible collar options and forward exchange contracts with varying maturity dates ranging from July 2008 to May 2011, with a fair value adjustment of $44.4 million based on the June 30, 2008 spot rate. We had $32.1 million and $15.7 million of foreign currency hedge contracts recorded as *Derivative assets* on the June 30, 2008 and December 31, 2007 Statements of Condensed Consolidated Financial Position, respectively. We also had $12.3 million and $5.9 million of foreign currency hedge contracts recorded as non-current assets in *Deposits and miscellaneous* on the Statements of Condensed Consolidated Financial Position at June 30, 2008 and December 31, 2007, respectively. Changes in fair value for highly effective hedges are recorded as a component of *Other comprehensive income*. For the first six months of 2008 and 2007, ineffectiveness resulted in a loss of $8.6 million and a loss $2.3 million, respectively, which were recorded in *Miscellaneous-net* on the Statements of Unaudited Condensed Consolidated Operations.

Effective July 1, 2008, Portman de-designated these cash flow hedges and will prospectively mark to market future hedges through the Statements of Operations.

Certain supply agreements with one North American Iron Ore customer provide for supplemental revenue or refunds based on the customer's average annual steel pricing at the time the product is consumed in the customer's blast furnace. The supplemental pricing is characterized as an embedded derivative and is required to be accounted for separately from the base contract price. The embedded derivative instrument, which is finalized based on a future price, is marked to fair value as a revenue adjustment each reporting period until the pellets are consumed and the amounts are settled. We recognized $84.3 million and $20.0 million, in the second quarter of 2008 and 2007, respectively, and $110.3 million and $29.6 million for the six months ended June 30, 2008 and 2007, respectively, as *Product* revenues on the Statements of Unaudited Condensed Consolidated Operations related to the supplemental payments. Derivative assets, representing the fair value of the pricing factors, were $125.8 million and $53.8 million, respectively, on the June 30, 2008 and December 31, 2007 Statements of Condensed Consolidated Financial Position.

Certain supply agreements primarily with our Asia-Pacific customers provide for revenue or refunds based on the ultimate settlement of annual international benchmark pricing provisions. The pricing provisions are characterized as freestanding derivatives and are required to be accounted for separately once iron ore is shipped. The derivative instrument, which is settled and billed once the annual international benchmark price is settled, is marked to fair value as a revenue adjustment each reporting period based upon the estimated forward settlement until the benchmark is actually settled. We recognized $160.6 million as *Product* revenues in the Statements of Unaudited Condensed Consolidated Operations for both the three and six months ended June 30, 2008, related to the 2008 pricing provisions. See Note 1 – BASIS OF PRESENTATION regarding the portion of this revenue related to shipments made during the three months ended March 31, 2008. The derivative instrument was settled during the second quarter of 2008 upon settlement of annual international benchmark prices and is therefore not reflected on the June 30, 2008 Statement of Condensed Consolidated Financial Position.

Effective October 19, 2007, we entered into a $100 million fixed interest rate swap to convert a portion of our floating rate debt to fixed rate debt. Interest on borrowings under our credit facility is based on a floating rate, dependent in part on the LIBOR rate, exposing us to the effects of interest rate changes. The objective of the hedge is to eliminate the variability of cash flows in interest payments for forecasted floating rate debt, attributable to changes in benchmark LIBOR interest rates. To support hedge accounting, we designate floating-to-fixed interest rate swaps as cash flow hedges of the variability of future cash flows at the inception of the swap contract. The amount charged to *Other comprehensive income* for the six months ended June 30, 2008 was $0.8 million. Derivative liabilities, totaling $2.2 million and $1.4 million, were recorded as *Other current liabilities* on the Statements of Condensed Consolidated Financial Position as of June 30, 2008 and December 31, 2007, respectively. There was no ineffectiveness recorded for the interest rate swap in the first six months of 2008.

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Inventories

The following table presents the detail of our *Inventories* on the Statements of Condensed Consolidated Financial Position at June 30, 2008 and December 31, 2007:

	(In Millions)					
	June 30, 2008			December 31, 2007		
	Finished Goods	Work-in Process	Total Inventory	Finished Goods	Work-in Process	Total Inventory
North American Iron Ore	$ 297.1	$ 9.3	$ 306.4	$ 114.3	$ 16.5	$ 130.8
North American Coal	15.4	0.9	16.3	8.3	0.8	9.1
Asia-Pacific Iron Ore	38.0	92.8	130.8	30.2	71.8	102.0
Other	10.6	2.7	13.3	-	-	-
Total	$ 361.1	$ 105.7	$ 466.8	$ 152.8	$ 89.1	$ 241.9

Our North American Iron Ore sales for the first half of the year are influenced by winter-related shipping constraints on the Great Lakes. While we continue to produce our products during the winter months, we cannot ship those products via lake freighter until the Great Lakes are passable, which causes our inventory levels to rise during the first half of the year. Finished goods inventory then begins to decline as sales increase later in the year.

Income Taxes

Income taxes are based on income for financial reporting purposes calculated using our expected annual effective rate and reflect a current tax liability or asset for the estimated taxes payable or recoverable on the current year tax return and expected annual changes in deferred taxes. Any interest or penalties on income tax are recognized as a component of income tax expense.

We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

We record net deferred tax assets to the extent we believe these assets will more likely than not be realized. In making such determination, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial results of operations. In the event we were to determine that we would be able to realize our deferred income tax assets in the future in excess of their net recorded amount, we would make an adjustment to the valuation allowance which would reduce the provision for income taxes. See NOTE 10 – INCOME TAXES for further information.

Fair Value Measurements

Valuation Hierarchy

SFAS No. 157, *Fair Value Measurements* ("SFAS 157") establishes a three-level valuation hierarchy for classification of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

- Level 1 – Valuation is based upon quoted prices (unadjusted) for identical assets or liabilities in active markets.

- Level 2 – Valuation is based upon quoted prices for similar assets and liabilities in active markets, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

- Level 3 – Valuation is based upon other unobservable inputs that are significant to the fair value measurement.

The classification of assets and liabilities within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement in its entirety. Valuation methodologies used for assets and liabilities measured at fair value are as follows:

Cash Equivalents

Where quoted prices are available in an active market, cash equivalents are classified within Level 1 of the valuation hierarchy. Cash equivalents classified in Level 1 at June 30, 2008 include money market funds. The valuation of these instruments is determined using a market approach and is based upon unadjusted quoted prices for identical assets in active markets. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. In these instances, the valuation is based upon quoted prices for similar assets and liabilities in active markets, or other inputs that are observable for substantially the full term of the financial instrument, and the related financial instrument is therefore classified within Level 2 of valuation the hierarchy. Level 2 securities include short-term investments such as commercial paper for which the value of each investment is a function of the purchase price, purchase yield, and maturity date.

Marketable Securities

Where quoted prices are available in an active market, marketable securities are classified within Level 1 of the valuation hierarchy. Marketable securities classified in Level 1 at June 30, 2008 include available for sale securities. The valuation of these instruments is determined using a market approach and is based upon unadjusted quoted prices for identical assets in active markets.

Derivative Financial Instruments

Derivative financial instruments valued using financial models that use as their basis readily observable market parameters are classified within Level 2 of the valuation hierarchy. Such derivative financial instruments include substantially all of our foreign currency exchange contracts and interest rate swap agreements. Derivative financial instruments that are valued based upon models with significant unobservable market parameters, and that are normally traded less actively, are classified within Level 3 of the valuation hierarchy.

Non-Financial Assets and Liabilities

We have deferred the adoption of SFAS 157 until January 1, 2009 with respect to non-financial assets and liabilities in accordance with the provisions of FSP FAS 157-2. Items that are recognized or disclosed at fair value for which we have not applied the provisions of SFAS 157 include goodwill, asset retirement obligations, guarantees and certain other items. See NOTE 11 – FAIR VALUE OF FINANCIAL INSTRUMENTS for further information.

Reclassifications

Certain amounts in the prior year consolidated financial statements have been reclassified to conform to the current year presentation. They included the reclassification of certain amounts included in *Miscellaneous – net* to *Selling, general and administrative expenses* on the Statements of Unaudited Condensed Consolidated Operations.

Recent Accounting Pronouncements

In May 2008, the FASB issued FASB Statement No. 162, *The Hierarchy of Generally Accepted Accounting Principles* ("SFAS 162"). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with U.S. GAAP. SFAS 162 is effective 60 days following the SEC's approval of the PCAOB's related amendments to remove the GAAP hierarchy from auditing standards, where it has previously resided. We are evaluating the impact SFAS 162 will have on our consolidated financial statements upon adoption, but do not expect this Statement to result in a material change in current practice.

In April 2008, the FASB issued FSP No. FAS 142-3, *Determination of the Useful Life of Intangible Assets*. This FSP amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, *Goodwill and Other Intangible Assets* ("SFAS 142"). The objective of this FSP is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141(R), and other U.S. GAAP. This FSP applies to all intangible assets, whether acquired in a business combination or otherwise and shall be effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years and applied prospectively to intangible assets acquired after the effective date. Early adoption is prohibited. We are currently evaluating the impact adoption of this FSP will have on our consolidated financial statements.

In March 2008, the FASB issued Statement No. 161, *Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133,* ("SFAS 161"). This Statement amends and expands the disclosure requirements of Statement 133 to provide users of financial statements with an enhanced understanding of how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations and how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. The new requirements apply to derivative instruments and non-derivative instruments that are designated and qualify as hedging instruments and related hedged items accounted for under SFAS 133. The Statement is effective for fiscal years and interim periods beginning after

November 15, 2008. Early application is encouraged. We are currently evaluating the impact adoption of this Statement will have on our consolidated financial statements.

In February 2008, the FASB issued FASB Staff Position 157-1, *Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13* (“FSP 157-1”). FSP 157-1 amends SFAS 157 to remove certain leasing transactions from its scope. In addition, on February 12, 2008, the FASB issued FSP FAS 157-2, *Effective Date of FASB Statement No. 157*, which amends SFAS 157 by delaying its effective date by one year for non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis. This pronouncement was effective upon issuance. We have deferred the adoption of SFAS 157 with respect to all non-financial assets and liabilities in accordance with the provisions of this pronouncement. On January 1, 2009, SFAS 157 will be applied to all other fair value measurements for which the application was deferred under FSP FAS 157-2. We are currently assessing the impact SFAS 157 will have in relation to non-financial assets and liabilities on our consolidated financial statements. See NOTE 11 – FAIR VALUE OF FINANCIAL INSTRUMENTS for further information.

FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities-Including an Amendment of FASB Statement No. 115* (“SFAS 159”) became effective on January 1, 2008. This standard permits entities to choose to measure many financial instruments and certain other items at fair value. While SFAS 159 became effective for our 2008 fiscal year, we did not elect the fair value measurement option for any of our financial assets or liabilities. Therefore, adoption of this Statement did not have a material impact on our consolidated financial statements.

NOTE 3 – MARKETABLE SECURITIES

During the second quarter of 2008, Portman acquired 22 million shares of Golden West, a Western Australia iron ore exploration company, which represents approximately 19.9 percent of its outstanding shares. Acquisition of the shares represents an investment of approximately $27 million. Golden West owns the Wiluna West exploration ore project in Western Australia, containing a resource of 119 million metric tons of ore. The purchase provides Portman a strategic interest in Golden West and Wiluna West. We do not exercise significant influence, and at June 30, 2008, the investment is classified as an available-for-sale security.

Our marketable securities are classified as either held-to-maturity or available-for-sale. We account for marketable securities in accordance with the provisions of SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities* (“SFAS 115”). SFAS 115 addresses the accounting and reporting for investments in fixed maturity securities and for equity securities with readily determinable fair values. We determine the appropriate classification of debt and equity securities at the time of purchase and re-evaluate such designation as of each balance sheet date. In addition, we review our investments on an ongoing basis for indications of possible impairment. We review impairments in accordance with EITF 03-1 and FSP SFAS 115-1 and 124-1, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments,* to determine the classification of the impairment as temporary or other-than-temporary. Once identified, the determination of whether the impairment is temporary or other-than-temporary requires significant judgment. The primary factors that we consider in classifying the impairment include the extent and time the fair value of each investment has been below cost. If a decline in fair value is judged other than temporary, the basis of the individual security is written down to fair value as a new cost basis, and the amount of the write-down is included as a realized loss. At June 30, 2008 and December 31, 2007, we had $102.8 million and $74.6 million, respectively, of marketable securities as follows:

	(In Millions) June 30, 2008	(In Millions) December 31, 2007
Held to maturity - current	$ 0.4	$ 18.9
Held to maturity - non-current	26.4	25.8
	26.8	44.7
Available for sale - non-current	76.0	29.9
Total	$ 102.8	$ 74.6

Marketable securities classified as held-to-maturity are measured and stated at amortized cost. The amortized cost, gross unrealized gains and losses and fair value of investment securities held-to-maturity at June 30, 2008 and December 31, 2007 are summarized as follows:

	June 30, 2008 (In Millions)			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Asset backed securities	$ 3.3	$ -	$ (0.6)	$ 2.7
Floating rate notes	23.5	-	(0.9)	22.6
Total	$ 26.8	$ -	$ (1.5)	$ 25.3

	December 31, 2007 (In Millions)			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Asset backed securities	$ 23.1	$ -	$ (1.4)	$ 21.7
Floating rate notes	21.6	-	(0.1)	21.5
Total	$ 44.7	$ -	$ (1.5)	$ 43.2

Investment securities held-to-maturity at June 30, 2008 and December 31, 2007 have contractual maturities as follows:

	(In Millions) June 30, 2008	(In Millions) December 31, 2007
Asset backed securities:		
Within 1 year	$ 0.4	$ 18.9
1 to 5 years	2.9	4.2
	$ 3.3	$ 23.1
Floating rate notes:		
Within 1 year	$ -	$ -
1 to 5 years	23.5	21.6
	$ 23.5	$ 21.6

Marketable securities classified as available for sale are stated at fair value, with unrealized holding gains and losses included in *Other comprehensive income*. The amortized cost, gross unrealized gains and losses and fair value of investment securities available-for-sale at June 30, 2008 and December 31, 2007 are summarized as follows:

	(In Millions) June 30, 2008			
	Amortized	Gross Unrealized		Fair
	Cost	Gains	Losses	Value
Equity securities (without contractual maturity)	$ 41.2	$ 34.8	$ -	$ 76.0

	(In Millions) December 31, 2007			
	Amortized	Gross Unrealized		Fair
	Cost	Gains	Losses	Value
Equity securities (without contractual maturity)	$ 14.2	$ 15.7	$ -	$ 29.9

We intend to hold our shares of available-for-sale equity securities indefinitely.

NOTE 4 – ACQUISITIONS & OTHER INVESTMENTS

In accordance with FASB Statement No. 141, *Business Combinations* (“SFAS 141”) we allocate the cost of acquisitions to the assets acquired and liabilities assumed based on their estimated fair values. The excess of the cost over the fair value of the net assets acquired is recorded as goodwill.

PinnOak

On July 31, 2007, we completed our acquisition of 100 percent of PinnOak, a privately-owned United States producer of high-quality, low-volatile metallurgical coal. The acquisition furthers our growth strategy and expands our diversification of products for the integrated steel industry. The purchase price of PinnOak and its subsidiary operating companies was $450 million in cash, of which $108.4 million is deferred until December 31, 2009, plus the assumption of approximately $160 million in debt, which was repaid at closing. The deferred payment was discounted using a six percent credit-adjusted risk free rate and was recorded as $93.7 million of *Deferred payment* on the Statements of Consolidated Financial Position as of July 31, 2007. The purchase agreement also includes a contingent earn-out, which ranges from $0 to approximately $300 million dependent upon PinnOak’s performance in 2008 and 2009. The earn-out, if any, would be payable in 2010 and treated as additional purchase price. The assets acquired consist primarily of coal mining rights and mining equipment and are included in our North American Coal segment.

PinnOak’s operations include two complexes comprising three underground mines – the Pinnacle and Green Ridge mines in southern West Virginia and the Oak Grove mine near Birmingham, Alabama. Combined, the mines have rated capacity to produce 6.5 million tons of premium-quality metallurgical coal annually.

The Statements of Unaudited Condensed Consolidated Financial Position of the Company as of June 30, 2008 reflect the acquisition of PinnOak, effective July 31, 2007, under the purchase method of accounting. The total cost of the acquisition has been allocated to the assets acquired and the liabilities assumed based upon their estimated fair values at the date of the acquisition. The allocation resulted in an excess of fair value of acquired net assets over cost. As the acquisition involved a contingent earn-out, a liability has been recorded totaling $178.5 million, representing the lesser of the maximum amount of contingent consideration or the excess prior to the pro rata allocation of purchase price. We finalized the purchase price allocation in the second quarter of 2008. A comparison of the finalized purchase price allocation to the initial allocation is as follows:

	(In Millions)		
	Finalized Allocation	Initial Allocation	Change
ASSETS			
Current assets	$ 80.8	$ 77.2	$ 3.6
Property, plant and equipment	156.7	133.0	23.7
Mineral rights	676.5	619.9	56.6
Asset held for sale	14.0	-	14.0
Other assets	3.7	3.6	0.1
Total assets	$ 931.7	$ 833.7	$ 98.0
LIABILITIES			
Current liabilities	$ 62.5	$ 61.3	$ 1.2
Long-term liabilities	268.0	171.2	96.8
Total liabilities	330.5	232.5	98.0
Purchase price	$ 601.2	$ 601.2	$ -

The adjustment since our initial allocation reduced coal inventory by $1.1 million to reflect inventory survey adjustments, increased supplies inventory by $4.8 million to reflect the capitalization of supplies inventory, increased property, plant and equipment by $23.7 million and increased mineral rights by $56.6 million to reflect market-based valuation adjustments. The asset held for sale represents the estimated fair value less cost to sell of the assets of a pond fines recovery operation. The sale was completed on February 15, 2008. The increase in current liabilities reflects additional accruals for non-income taxes. The increase in long-term liabilities represents adjustments to the contingent earn-out, $78.5 million, and an increase in deferred tax liabilities resulting from further assessment of the purchase price for tax purposes, $18.0 million.

Portman Share Repurchase

On May 21, 2008, Portman authorized a tender offer to repurchase up to 16.5 million shares, or 9.39 percent of its common stock. On this date, we owned 80.4 percent of the approximately 176 million shares outstanding in Portman and indicated we would not participate in the tender buyback. Under the share tender program, eligible shareholders could offer to sell some or all of their shareholdings at a fixed-price discount of 14 percent to the volume-weighted average price of Portman shares traded on ASX during the five trading days after the date of announcement. The tender period closed on June 24, 2008. Under the buyback, 9.8 million fully paid ordinary shares were tendered at a price of A$14.66 per share. The total consideration paid under the buyback was A$143.3 million. As a result of the buyback, our ownership interest in Portman increased from 80.4 percent to 85.2 percent.

The transaction constituted a step acquisition of a noncontrolling interest. In accordance with SFAS 141 we have accounted for the acquisition of the minority interests in Portman by the purchase method. As of the date of a step acquisition of the minority interest, the then historical cost basis of the minority interest balance was reduced to the extent of the percentage interest sold, or $49.0 million, and a corresponding deferred tax liability with a preliminary fair value assignment of $38.0 million was recorded to reflect the tax effect of the acquisition. The remaining purchase price over the net assets acquired was preliminarily assigned *to Property, Plant and Equipment* resulting in an increase of $126.8 million on the Statement of Condensed Consolidated Financial Position at June 30, 2008. We are in the process of conducting a valuation of the assets acquired and liabilities assumed related to the acquisition, most notably, inventory, mineral rights, and property, plant and equipment. Accordingly, allocation of the purchase price is subject to modification in the future.

NOTE 5 – DEBT AND CREDIT FACILITIES

On June 25, 2008, we entered into a $325 million private placement consisting of $270 million of 6.31 percent Five-Year Senior Notes due June 15, 2013, and $55 million of 6.59 percent Seven-Year Senior Notes due June 15, 2015. Interest will be paid on the notes for both tranches on June 15 and December 15 until their respective maturities. The notes are unsecured obligations with interest and principal amounts guaranteed by certain of our domestic subsidiaries. The notes and guarantees are not required to be registered under the Securities Act of 1933, as amended, and have been placed with qualified institutional investors. We used the proceeds to repay senior unsecured indebtedness and for general corporate purposes.

The terms of the note purchase agreement contain customary covenants that require compliance with certain financial covenants based on: (1) debt to earnings ratio and (2) interest coverage ratio. As of June 30, 2008, we were in compliance with the covenants in the note purchase agreement.

On August 17, 2007, we entered into a five-year unsecured credit facility with a syndicate of 13 financial institutions. The facility provides $800 million in borrowing capacity, comprised of $200 million in term loans and $600 million in revolving loans, swing loans and letters of credit. Loans are drawn with a choice of interest rates and maturities, subject to the terms of the agreement. Interest rates are either (1) a range from LIBOR plus 0.45 percent to LIBOR plus 1.125 percent based on debt and earning levels or (2) the prime rate or the prime rate plus 1.125 percent, based on debt and earnings.

The credit facility has two financial covenants based on: (1) debt to earnings ratio and (2) interest coverage ratio. As of June 30, 2008, we were in compliance with the covenants in the credit agreement.

As of June 30, 2008, $160 million was drawn in revolving loans and the principal amount of letter of credit obligations totaled $19.4 million under the credit facility. We had $200 million drawn in term loans; $420.6 million of borrowing capacity was available under the $800 million credit facility. The weighted average interest rate for outstanding revolving and term loans under the credit facility was 3.33 percent as of June 30, 2008. After the effect of interest rate hedging, the weighted average annual borrowing rate was 3.85 percent.

Effective June 23, 2008, Portman added a A$120 million cash facility to its existing facility agreement, under which Portman continues to maintain a A$40 million multi-option facility. The facilities have floating interest rates of 20 basis points and 75 basis points, respectively, over the 90-day bank bill swap rate in Australia. At June 30, 2008, the outstanding bank commitments totaled A$12.5 million, reducing borrowing capacity to A$27.5 million on the A$40 million facility. No funds have been utilized on the A$120 million facility. The A$120 million facility is available until September 30, 2008. Both facilities operate under the same financial covenants of Portman: (1) debt to earnings ratio and (2) interest coverage ratio. As of June 30, 2008, Portman was in compliance with the covenants of the credit facilities.

In 2005, Portman secured five-year financing from its customers in China as part of its long-term sales agreements to assist with the funding of the expansion of its Koolyanobbing mining operations. The borrowings, totaling $5.5 million and $6.2 million at June 30, 2008 and December 31, 2007, respectively, accrue interest annually at five percent. The borrowings require a principal payment of approximately $0.8 million plus accrued interest to be made January 31, 2009, with the balance due in full on January 31, 2010.

At June 30, 2008, Amapá had long-term project debt outstanding of approximately $338 million for which we have provided a several guarantee on our 30 percent share. Amapá has engaged in ongoing discussions with its lenders regarding loan amendments to address several loan covenant violations related to project delays, higher construction expenditures, debt-to-equity ratios and deliveries under its long-term supply agreement with an operator of an iron ore pelletizing plant in the Kingdom of Bahrain. In addition, at June 30, 2008, Amapá had total short-term loans outstanding of $188.9 million. We subsequently provided a several guarantee in July 2008 on our 30 percent share of the total debt outstanding, or $159.1 million.

NOTE 6 – SEGMENT REPORTING

Our company is organized and managed according to product category and geographic location: North American Iron Ore, North American Coal, Asia-Pacific Iron Ore, Asia-Pacific Coal and Latin American Iron Ore. The North American Iron Ore segment is comprised of our interests in six North American mines that provide iron ore to the integrated steel industry. The North American Coal segment is comprised of our three North American coal mines that provide metallurgical coal to the integrated steel industry. The Asia-Pacific Iron Ore segment, comprised of our interests in Portman, is located in Western Australia and provides iron ore to steel producers in China and Japan. There are no intersegment revenues.

The Asia-Pacific Coal operating segment is comprised of our 45 percent economic interest in Sonoma, located in Queensland, Australia, which is in the early stages of production. The Latin American Iron Ore operating segment is comprised of our 30 percent Amapá interest in Brazil, which is also in the early stages of production. As a result, the Asia-Pacific Coal and Latin American Iron Ore operating segments do not meet reportable segment disclosure requirements and therefore are not separately reported.

We evaluate segment performance based on sales margin, defined as revenues less cost of goods sold identifiable to each segment. This measure of operating performance is an effective measurement as we focus on reducing production costs throughout the Company.

The following table presents a summary of our reportable segments for the three and six months ended June 30, 2008 and 2007:

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	(In Millions) Three Months Ended June 30,				(In Millions) Six Months Ended June 30,			
	2008		2007		2008		2007	
Revenues from product sales and services:								
North American Iron Ore	$ 643.4	64%	$ 432.8	79%	$ 922.2	61%	$ 658.0	75%
North American Coal	61.5	6%	-		155.4	10%	-	
Asia-Pacific Iron Ore	268.2	27%	114.8	21%	385.7	26%	215.1	25%
Other	35.5	3%	-		39.8	3%	-	
Total revenues from product sales and services for reportable segments	$ 1,008.6	100%	$ 547.6	100%	$ 1,503.1	100%	$ 873.1	100%
Sales margin:								
North American Iron Ore	$ 272.6		$ 104.4		$ 337.2		$ 141.7	
North American Coal	(23.0)		-		(25.5)		-	
Asia-Pacific Iron Ore	160.9		25.2		182.3		49.7	
Other	15.8		-		14.8		-	
Sales margin	426.3		129.6		508.8		191.4	
Other operating income	(16.9)		(13.7)		(56.6)		(30.6)	
Other income (expense)	(3.2)		1.3		(4.8)		6.9	
Income from continuing operations before income taxes, minority interest and equity loss from ventures	$ 406.2		$ 117.2		$ 447.4		$ 167.7	
Depreciation, depletion and amortization:								
North American Iron Ore	$ 11.2		$ 10.2		$ 20.9		$ 19.8	
North American Coal	14.2		-		27.6		-	
Asia-Pacific Iron Ore	13.1		11.5		27.0		22.6	
Other	1.5		-		2.6		-	
Total depreciation, depletion and amortization	$ 40.0		$ 21.7		$ 78.1		$ 42.4	
Capital additions [(1)]:								
North American Iron Ore	$ 12.4		$ 11.6		$ 19.5		$ 41.2	
North American Coal	8.0		-		19.9		-	
Asia-Pacific Iron Ore	6.6		1.9		35.2		3.0	
Other	7.2		-		11.3		-	
Total capital additions	$ 34.2		$ 13.5		$ 85.9		$ 44.2	

(1) Includes capital lease additions.

A summary of assets by segment is as follows:

	(In Millions) June 30, 2008	December 31, 2007
Segment assets:		
North American Iron Ore	$ 1,521.3	$ 968.9
North American Coal	822.8	773.2
Asia-Pacific Iron Ore	1,270.1	1,083.8
Other	432.7	249.9
Total assets	$ 4,046.9	$ 3,075.8

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NOTE 7 – COMPREHENSIVE INCOME

The following are the components of comprehensive income for the three and six months ended June 30, 2008 and 2007:

	(In Millions)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Net Income	$ 270.2	$ 86.9	$ 287.2	$ 119.4
Other comprehensive income:				
Unrealized net gain on marketable securities - net of tax	12.3	4.1	11.7	3.3
Foreign currency translation	37.1	27.7	81.0	40.4
Amortization of net periodic benefit - net of tax	(23.9)	4.1	(20.8)	6.9
Unrealized gain (loss) on interest rate swap - net of tax	0.9	-	(0.5)	-
Unrealized gain on derivative financial instruments	14.2	4.7	19.7	7.4
Total other comprehensive income	40.6	40.6	91.1	58.0
Total comprehensive income	$ 310.8	$ 127.5	$ 378.3	$ 177.4

NOTE 8 – PENSIONS AND OTHER POSTRETIREMENT BENEFITS

The following are the components of defined benefit pension and OPEB expense for the three and six months ended June 30, 2008 and 2007:

Defined Benefit Pension Expense

	(In Millions)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Service cost	$ 3.3	$ 2.6	$ 6.3	$ 5.3
Interest cost	10.4	9.9	20.5	19.9
Expected return on plan assets	(12.2)	(11.7)	(24.6)	(23.5)
Amortization:				
Prior service costs	1.0	1.0	1.9	1.9
Net actuarial losses	2.9	3.4	5.1	6.8
Net periodic benefit cost	$ 5.4	$ 5.2	$ 9.2	$ 10.4

Other Postretirement Benefits Expense

	(In Millions)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Service cost	$ 0.8	$ 0.5	$ 1.5	$ 0.9
Interest cost	4.0	3.8	7.7	7.6
Expected return on plan assets	(2.7)	(2.6)	(5.4)	(5.1)
Amortization:				
Prior service credits	(1.6)	(1.4)	(3.0)	(2.8)
Net actuarial losses	1.5	2.1	2.9	4.2
Transition asset	(0.8)	-	(1.5)	-
Net periodic benefit cost	$ 1.2	$ 2.4	$ 2.2	$ 4.8

NOTE 9 – ENVIRONMENTAL AND MINE CLOSURE OBLIGATIONS

We had environmental and mine closure liabilities of $131.8 million and $130.8 million at June 30, 2008 and December 31, 2007, respectively. Payments in the first six months of 2008 were $3.8 million compared with $9.2 million for the full year in 2007. The following is a summary of the obligations:

	(In Millions)	
	June 30, 2008	December 31, 2007
Environmental	$ 13.6	$ 12.3
Mine closure:		
LTVSMC	21.1	22.5
Operating mines:		
North American Iron Ore	62.2	61.8
North American Coal	21.0	20.4
Asia-Pacific Iron Ore	10.5	9.5
Other	3.4	4.3
Total mine closure	118.2	118.5
Total environmental and mine closure obligations	131.8	130.8
Less current portion	6.8	7.6
Long term environmental and mine closure obligations	$ 125.0	$ 123.2

<u>Environmental</u>

The Rio Tinto Mine Site

The Rio Tinto Mine Site is a historic underground copper mine located near Mountain City, Nevada, 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 Nevada DEP and the RTWG composed of Cliffs, Atlantic Richfield Company, Teck Cominco American Incorporated, and E. I. du Pont de Nemours and Company. The estimated costs of the available remediation alternatives currently range from approximately $10.0 million to $30.5 million. In recognition of the potential for an NRD claim, the parties are actively pursuing a global settlement that would include the EPA and encompass both the remedial action and the NRD issues. We have increased our reserve most recently in the second quarter of 2008 by $3.0 million to reflect revised cleanup estimates and cost allocation associated with our anticipated 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 *Selling, general and administrative* in the Statements of Consolidated Operations.

<u>Mine Closure</u>

The mine closure obligations are for our four consolidated North American operating iron ore mines, our three consolidated North American operating coal mines, our Asia-Pacific operating iron ore mines, the coal mine at Sonoma and a closed operation formerly known as LTVSMC. The LTVSMC closure obligation results from an October 2001 transaction where subsidiaries of the Company received a net payment of $50 million and certain other assets and assumed environmental and certain facility closure obligations of $50 million. Obligations have declined to $21.1 million at June 30, 2008.

The accrued closure obligation for our active mining operations provides for contractual and legal obligations associated with the eventual closure of the mining operations. The accretion of the liability and amortization of the related fixed asset is recognized over the estimated mine lives for each location. The following represents a rollforward of our asset retirement obligation liability for the six months ended June 30, 2008 and the year ended December 31, 2007:

	(In Millions)	
	June 30, 2008	December 31, 2007 [(1)]
Asset retirement obligation at beginning of period	$ 96.0	$ 62.7
Accretion expense	4.1	6.6
PinnOak acquisition	-	19.9
Sonoma investment	-	4.3
Reclassification adjustment	(0.9)	1.1
Exchange rate changes	0.5	0.9
Revision in estimated cash flows	(2.6)	0.5
Asset retirement obligation at end of period	$ 97.1	$ 96.0

(1) Represents a 12-month rollforward of our asset retirement obligation at December 31, 2007.

NOTE 10 – INCOME TAXES

Our total tax provision from continuing operations for the first six months of 2008 of $121.6 million is comprised of $71.4 million related to U.S. operations and $50.2 million related to foreign operations. Our 2008 expected effective tax rate related to continuing operations is approximately 26 percent. The effective rate reflects benefits from deductions for percentage depletion in excess of cost depletion related to U.S. operations as well as benefits derived from operations outside the U.S., which are taxed at rates lower than the U.S. statutory rate of 35 percent.

At June 30, 2008 our valuation allowance maintained against certain gross deferred tax assets increased by $4.1 million to fully offset an increase in future tax benefits for first quarter losses of certain foreign operations for which future utilization is currently uncertain.

At June 30, 2008, cumulative undistributed earnings of foreign subsidiaries included in consolidated retained earnings continue to be indefinitely reinvested in international operations. Accordingly, no provision has been made for deferred taxes related to a future repatriation of these earnings, nor is it practicable to estimate the amount of income taxes that would have to be provided if we were to conclude that such earnings will be remitted in the foreseeable future.

The following table details the changes in unrecognized tax benefits from January 1, 2008 to June 30, 2008.

	(In Millions)
Unrecognized tax benefits balance as of January 1, 2008	$ 15.2
Increases for tax positions in prior years	3.3
Increases for tax positions in current year	17.5
Settlements	(4.4)
Unrecognized tax benefits balance as of June 30, 2008	$ 31.6

At June 30, 2008 and January 1, 2008, we had $20.9 million and $15.2 million, respectively, of unrecognized tax benefits that, if recognized, would impact the effective tax rate. It is reasonably possible that an additional decrease of $14.8 million in unrecognized tax benefit obligations will occur within the next 12 months due to expected settlements with the taxing authorities. We recognize potential accrued interest and penalties related to unrecognized tax benefits in income tax expense. During the six months ended June 30, 2008, we accrued an additional $4.7 million of interest relating to the unrecognized tax benefits, $1.0 million of which was due to the settlement reached with a foreign taxing authority.

Tax years that remain subject to examination are years 2003 forward for the United States, 1993 forward for Canada and 1994 forward for Australia.

NOTE 11 – FAIR VALUE OF FINANCIAL INSTRUMENTS

We adopted the provisions of SFAS 157 as of January 1, 2008, with respect to financial instruments. We have deferred the adoption of SFAS 157 with respect to non-financial assets and liabilities in accordance with the provisions of FSP FAS 157-2. Items that are recognized or disclosed at fair value for which we have not applied the provisions of SFAS 157 include goodwill, asset retirement obligations, guarantees and certain other items. No transition adjustment was necessary as of January 1, 2008 upon the adoption of SFAS 157.

The following represents financial assets and liabilities of the Company measured at fair value on a recurring basis in accordance with SFAS 157 at June 30, 2008:

	(In Millions)			
Description	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Cash equivalents	$ 170.2	$ 28.6	$ -	$ 198.8
Derivative assets	-	-	125.8	125.8
Marketable securities	76.0	-	-	76.0
Foreign exchange contracts	-	44.4	-	44.4
Total	$ 246.2	$ 73.0	$ 125.8	$ 445.0
Liabilities:				
Interest rate swap	$ -	$ 2.2	$ -	$ 2.2
Total	$ -	$ 2.2	$ -	$ 2.2

Financial assets classified in Level 1 at June 30, 2008 include money market funds and available for sale securities. The valuation of these instruments is determined using a market approach, taking into account current interest rates and creditworthiness, and is based upon unadjusted quoted prices for identical assets in active markets.

The valuation of financial assets and liabilities classified in Level 2 is determined using a market approach based upon quoted prices for similar assets and liabilities in active markets, or other inputs that are observable for substantially the full term of the financial instrument. Level 2 securities include short-term investments such as commercial paper for which the value of each investment is a function of the purchase price, purchase yield and maturity date. Derivative financial instruments valued using financial models that use as their basis readily observable market parameters are also classified within Level 2 of the valuation hierarchy. At

June 30, 2008, such derivative financial instruments include substantially all of our foreign currency exchange hedge contracts and interest rate exchange agreements. The fair value of the interest rate swap and forward currency contracts is based on a forward LIBOR curve and forward market prices, respectively, and represents the estimated amount we would receive to terminate these agreements at the reporting date, taking into account current interest rates and creditworthiness.

The derivative financial asset classified as a Level 3 is an embedded derivative instrument included in certain supply agreements with one of our customers. The agreements include provisions for supplemental revenue or refunds based on the customer's annual steel pricing at the time the product is consumed in the customer's blast furnaces. We account for this provision as a derivative instrument at the time of sale and record this provision at fair value based on an income approach when the product is consumed and the amounts are settled as an adjustment to revenue. The fair value of the instrument is determined based on a future price of the average hot rolled steel price at certain steelmaking facilities and other inflationary indices.

Substantially all of the financial assets and liabilities are carried at fair value or contracted amounts that approximate fair value. We had no financial assets and liabilities measured at fair value on a non-recurring basis in accordance with SFAS 157 at June 30, 2008.

The following represents a reconciliation of the changes in fair value of financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the first half of 2008:

	(In Millions)	
	Derivatives Assets	
	Three Months Ended June 30, 2008	Six Months Ended June 30, 2008
Beginning balance	$ 63.9	$ 53.8
Total gains (losses)		
Included in earnings	244.9	270.9
Included in other comprehensive income	-	-
Settlements	(183.0)	(198.9)
Transfers in and/or out of Level 3	-	-
Ending balance - June 30, 2008	$ 125.8	$ 125.8
Total gains (losses) for the period included in earnings attributable to the change in unrealized gains or losses on assets still held at June 30, 2008	$ 84.3	$ 110.3

Gains and losses included in earnings are reported in *Product revenue* on the Statements of Unaudited Condensed Consolidated Operations for the three and six months ended June 30, 2008.

With respect to changes in Level 3 financial instruments during the first half of 2008, we had freestanding derivatives related to certain supply agreements primarily with our Asia-Pacific customers that provide for revenue or refunds based on the ultimate settlement of annual international benchmark pricing provisions. The pricing provisions are characterized as freestanding derivatives and are required to be accounted for separately once iron ore is shipped. The derivative instrument, which is settled and billed once the annual international benchmark price is settled, is marked to fair value as a revenue adjustment each reporting period based upon the estimated forward settlement until the benchmark is actually settled. The fair value of the instrument is determined based on the forward price expectation of the annual international benchmark price. We recognized $160.6 million as *Product* revenues in the Statements of Unaudited Condensed Consolidated Operations for both the three and six months ended June 30, 2008, related to the 2008 pricing provisions. The derivative instrument was settled during the second quarter of 2008 upon settlement of annual international benchmark prices and is therefore not reflected on the June 30, 2008 Statement of Condensed Consolidated Financial Position.

NOTE 12 – STOCK PLANS

2008 Performance Shares

On March 10, 2008, the Compensation and Organization Committee ("Committee") of the Board of Directors approved a grant under our shareholder approved 2007 ICE Plan for the performance period 2008-2010. The grant for executive officers consisted of 75 percent of the total value of the grant in performance shares and 25 percent in restricted share units. The grant included a total of 159,480 performance shares and 56,520 restricted share units. The grant of performance shares assumes 100 percent attainment of performance goals as determined by the Committee. The restricted share units are subject to continued employment, are retention based, will vest at the end of the performance period for the performance shares, and are payable in shares at a time determined by the Committee in its discretion. The performance shares granted under the ICE Plan vest over a period of three years and measure performance for the period 2008-2010 on the basis of two factors, relative total shareholder return and three-year cumulative free cash flow, and are paid out in common shares. Upon the occurrence of a change in control, all performance shares and restricted share units granted to a participant will vest and become nonforfeitable and will be paid out in stock.

2006 and 2007 Performance Share Modifications

On May 12, 2008, the Committee of the Board of Directors approved two changes to the calculations used to determine the final payouts under the performance shares granted in 2006 (for the 2006-2008 performance period) and 2007 (for the 2007-2009 performance period) under our 1992 ICE Plan (as Amended and Restated as of May 13, 1997) and our 2007 ICE Plan, respectively.

The first change approved by the Committee relates to the calculation of total shareholder return ("TSR") relative to the companies in our peer group. Under the plan modification, if any of the companies in the peer group are removed because the company has ceased to be publicly traded or has experienced a major restructuring by reason of a Chapter 11 filing or a spin-off of more than 50 percent of any such company's assets, the calculation will be based upon the greater of (1) TSR based only on the remaining companies in the original peer group or (2) TSR based on the remaining companies in the original peer group plus the addition of the Standard & Poors Metals and Minerals Exchange Traded Fund.

The second change approved by the Committee is in relation to the 2006 performance share plan year and relates to the method of evaluating performance during the applicable period. The Committee had previously adopted a new methodology under the 2007 ICE Plan for the calculation of TSR based on the Cumulative Method (where the calculation of TSR is based on the cumulative TSR between the start and the end of the performance period). Prior to this change, TSR was based on the Quarterly Method (where the calculation of TSR is based

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on a cumulative quarter-by-quarter basis), which effectively weighted the early quarters in the period more heavily than later quarters. Executive officers were given a choice as to which of these methods would apply to their grants of Performance Shares made in 2005 (for the 2005-2007 performance period) and 2006 (for the 2006-2008 performance period). On May 12, 2008, the Committee determined that payouts with respect to the 2006-2008 performance period would be based on the Cumulative Method unless the payout would be greater under the Quarterly Method, in which case the Quarterly Method would be used for those payouts. As a result of these modifications, we recorded additional stock-based compensation expense of $2.4 million in Selling, general and administrative expenses on the Statement of Unaudited Condensed Consolidated Operations for the six months ended June 30, 2008.

Determination of Fair Value

The fair value of each option grant is estimated on the date of grant using a Monte Carlo simulation to forecast relative TSR performance. Consistent with the guidelines of SFAS 123(R), a correlation matrix of historic and projected stock prices was developed for both the Company and its predetermined peer group of mining and metals companies. The fair value assumes that performance goals will be achieved. If such goals are not met, no compensation cost is recognized and any recognized compensation cost is reversed.

The expected term of the grant represents the time from the grant date to the end of the service period. We estimated the volatility of our common stock and that of the peer group of mining and metals companies using daily price intervals for all companies. The risk-free interest rate is the rate at the valuation date on zero-coupon government bonds, with a term commensurate with the remaining life of the performance plans.

The following assumptions were utilized to estimate the fair value for the 2008 plan year and the 2006 and 2007 plan year modifications:

Plan Year	Grant/ Modification Date	Grant/Modification Date Market Price [1]	Average Expected Term (Years)	Expected Volatility	Risk-Free Interest Rate	Dividend Yield	Fair Value (Percent of Grant/ Modification Date Market Price)
2008	March 10, 2008	52.59	2.81	43.8%	1.93%	0.62%	58.23%
2007	May 12, 2008	90.28	1.64	45.8%	2.22%	0.39%	143.70%
2006	May 12, 2008	90.28	0.64	53.8%	1.86%	0.39%	143.95%

(1) Adjusted to reflect 2:1 stock split that occurred on May 15, 2008.

The table below illustrates the change in the fair value as a result of the 2006 and 2007 plan year modifications:

Plan Year	Pre-modification Calculation Method [1]	Pre-modification Fair Value	Change in Fair Value	Revised Fair Value
2006	Cumulative	$ 122.55	$ 7.18	$ 129.73
2006	Quarterly	30.45	99.28	129.73
2007	Cumulative	128.71	1.25	129.96

(1) As a result of the choice given to executive officers between the Cumulative and Quarterly methods under the 2006 Plan, the pre-modification fair value for this plan is presented separately for each election. This was not an option under the 2007 plan, and therefore, a single pre-modification fair value is presented.

NOTE 13 – CAPITAL STOCK

Common Stock

On March 11, 2008, a two-for-one stock split of our common shares was declared. As a result, each shareholder of record on May 1, 2008 received one additional share of our common stock for every share held. The new shares were distributed on May 15, 2008. Pursuant to the effectuation of the stock split, the par value of our common stock was adjusted from $0.25 per share to $0.125 per share, and the number of authorized common shares was increased accordingly from 112 million to 224 million shares. As a result of the stock split, the preferred stock conversion rate was also adjusted from 66.1881 to 133.0646. The new conversion rate equates to a conversion price of $7.52 per common share.

On May 13, 2008, a cash dividend of $0.0875 per common share was declared. This dividend rate is the same as the cash dividend declared on our common stock in the first quarter of 2008, and represents an increase of 40 percent from the rate declared in the comparable quarter of 2007. The cash dividend was paid on June 2, 2008 to each shareholder of record. The cash dividend was adjusted pursuant to the previously announced two-for-one common stock split.

Preferred Stock

On January 17, 2008, 24,010 preferred shares were converted to 1,589,176 shares of common stock at a conversion rate of 66.1881. In the second quarter of 2008, an additional 91,150 preferred shares were converted to 12,128,838 shares of common stock at a conversion rate of 133.0646, reducing our preferred stock outstanding to 19,555 shares. The following is a summary of the activity of preferred stock for the six months ended June 30, 2008 and the year ended December 31, 2007:

	June 30, 2008	December 31, 2007
Number of preferred shares at beginning of the period	134,715	172,300
Number of preferred shares converted	115,160	37,585
Number of preferred shares at end of the period	19,555	134,715
Redemption value at end of the period (in millions)	$ 310.1	$ 898.8
Number of common shares issued from Treasury upon conversion	13,718,012	4,975,296

On May 13, 2008, a scheduled dividend payment was authorized on our 3.25 percent redeemable cumulative convertible perpetual preferred stock, and a cash payment of $8.125 per share was paid on July 15, 2008, to preferred stock shareholders of record on July 1, 2008.

NOTE 14 – EARNINGS PER SHARE

A summary of the calculation of earnings per common share on a basic and diluted basis follows:

	(In Millions)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Net income	$ 270.2	$ 86.9	$ 287.2	$ 119.4
Preferred stock dividends	0.4	1.4	1.3	2.8
Income applicable to common shares	$ 269.8	$ 85.5	$ 285.9	$ 116.6
Weighted average number of shares:				
Basic	98.1	81.6	94.0	81.4
Employee stock plans	0.5	0.4	0.4	0.5
Convertible preferred stock	6.6	22.6	10.7	22.6
Diluted	105.2	104.6	105.1	104.5
Earnings per common share - Basic	$ 2.75	$ 1.05	$ 3.04	$ 1.43
Earnings per common share - Diluted	$ 2.57	$ 0.83	$ 2.73	$ 1.14

NOTE 15 – CONTINGENCIES

We have been named, along with two of our wholly owned subsidiaries, Cliffs Mining Company and Wabush Iron Co. Limited, as defendants, along with U. S. Steel Canada Inc. (formerly Stelco Inc.), HLE Mining Limited Partnership and HLE Mining GP Inc. (collectively, "U. S. Steel"), in an action brought before the Ontario Superior Court of Justice by Dofasco. The action pertains to a contemplated transaction whereby Dofasco and/or certain of its affiliates would purchase our ownership interests and those of U. S. Steel in Wabush. After six months of negotiations with no definitive agreements reached, both we and U. S. Steel determined to withdraw from negotiations and retain our respective ownership interests in Wabush. Notice of the withdrawal was delivered to Dofasco on March 3, 2008.

On March 20, 2008, Dofasco commenced this action against both Cliffs and U. S. Steel. Dofasco's statement of claim demands specific performance of an alleged binding contract for Cliffs and U. S. Steel to sell their respective interests in Wabush with equitable compensation in the amount of C$427 million or, in the alternative, general damages in the amount of C$1.8 billion. We strongly disagree with Dofasco's allegations and intend to defend this case vigorously. On May 14, 2008 U. S. Steel filed a Notice of Motion to dismiss the action. We filed an identical Notice of Motion on May 15, 2008. A two day hearing was held on our respective motions on June 23 and 24, 2008, and we expect a ruling from the court during the third quarter of 2008.

We are periodically involved in litigation incidental to our operations. We believe that any pending litigation will not result in a material liability in relation to our consolidated financial statements.

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NOTE 16 – LEASE OBLIGATIONS

We lease certain mining, production and other equipment under operating and capital leases. The leases are for varying lengths, generally at market interest rates and contain purchase and/or renewal options at the end of the terms. Future minimum payments under capital leases and non-cancellable operating leases at June 30, 2008 are as follows:

	(In Millions) Total	
	Capital Leases	Operating Leases
2008 (July 1 - December 31)	$ 7.6	$ 10.7
2009	13.6	20.3
2010	13.1	18.1
2011	12.9	13.2
2012	12.4	9.2
2013 and thereafter	52.3	25.6
Total minimum lease payments	111.9	$ 97.1
Amounts representing interest	29.3	
Present value of net minimum lease payments	$ 82.6	

Total minimum capital lease payments of $111.9 million include $1.8 million and $110.1 million, for our North American Iron Ore segment and Asia-Pacific Iron Ore segment, respectively. Total minimum operating lease payments of $97.1 million include $79.8 million for our North American Iron Ore segment, $16.3 million for our Asia-Pacific Iron Ore segment and $1.0 million for our North American Coal segment.

NOTE 17 – CASH FLOW INFORMATION

A reconciliation of capital additions to cash paid for capital expenditures for the six months ended June 30, 2008 and 2007 is as follows:

	(In Millions) Six Months Ended June 30,	
	2008	2007
Capital additions	$ 85.9	$ 44.2
Cash paid for capital expenditures	59.1	46.2
Difference	26.8	(2.0)
Non-cash accruals	$ 3.8	$ (2.0)
Capital leases	23.0	-
Total	$ 26.8	$ (2.0)

NOTE 18 – SUBSEQUENT EVENTS

Capital Improvement and Capacity Expansion Projects

On July 12, 2008 we announced a capital expansion project at our Empire and Tilden mines in Michigan's Upper Peninsula. The project, which requires approximately $290.4 million of incremental capital investment, is expected to allow the Empire mine to produce at three million tons annually through 2017 and increase Tilden mine production by more than two million tons annually. This incremental production is expected to result in total equity production of over 23 million tons annually for our North American Iron Ore segment. Empire was previously projected to exhaust reserves in early 2011. As part of the capacity expansion, we will also mine additional ore from our Tilden mine, located adjacent to Empire, and process it utilizing additional processing capacity at Empire. Utilization of this capacity will enable Tilden to increase production to more than 10 million tons annually, of which 8.5 million tons represents our share. The work is expected to begin in the last quarter of 2008, with capital expenditures of $69.0 million, $161.5 million and $59.9 million projected in 2008, 2009 and 2010, respectively.

In July 2008, we also incurred an additional capital commitment for the purchase of a new longwall plow system at our Pinnacle mine in West Virginia. The equipment, which requires a capital investment of approximately $90 million, will replace the current longwall plow system in an effort to reduce maintenance costs and increase production at the mine. Capital expenditures related to this purchase will be made in 2008 and 2009, with the equipment expected to be delivered in 2009.

Purchase of Remaining Interest in United Taconite

On July 11, 2008 we signed and closed on the acquisition of the remaining 30 percent interest in United Taconite, with an effective date of July 1, 2008. Upon consummation of the purchase, our ownership interest increased from 70 percent to 100 percent. Consideration paid for the acquisition is a combination of $100 million in cash, approximately 1.5 million of our common shares, and 1.2 million tons of iron ore pellets to be provided throughout 2008 and 2009. The consolidation of the United Taconite minority interest, together with our Northshore property, represents two wholly-owned iron ore assets in North America.

Announced Merger with Alpha Natural Resources, Inc.

On July 16, 2008, we announced the approval of a definitive merger agreement with Alpha Natural Resources, Inc. under which we will acquire all outstanding shares of Alpha in a cash and stock transaction valued at approximately $10 billion. Under the terms of the agreement, for each share of Alpha common stock, Alpha stockholders would receive 0.95 of our common shares and $22.23 in cash. The aggregate consideration comprises $1.7 billion in cash and approximately 71 million new common shares. JPMorgan Chase Bank, N.A. is providing an underwriting commitment for up to $1.9 billion which will be used to finance the transaction.

The combined company, which will be renamed Cliffs Natural Resources, will become one of the largest U.S. mining companies and be positioned as a leading diversified mining and natural resources company. Cliffs Natural Resources' mine portfolio will include nine iron ore facilities and more than 60 coal mines located across North America, South America and Australia. The combined company's significant position in both iron ore and metallurgical coal will make it a major supplier to the global steel industry, as well as provide a platform for further diversification both geographically and in terms of the mineral and resource products it sells. Upon completion of the transaction, we anticipate the combined company to have annual sales volume in excess of 30 million tons of iron ore and nearly 18 million tons of metallurgical coal. In addition to leading positions in iron ore and metallurgical coal, the company will also ship approximately 17 million tons of thermal coal, which is used primarily for electricity generation by utility companies.

The transaction is subject to shareholder approval as well as the satisfaction of customary closing conditions and regulatory approvals, including expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. The transaction is expected to close by the end of 2008.

The merger agreement contains certain termination rights for both parties. Specifically, if we terminate the agreement because Alpha's Board of Directors withdraws its recommendation of the deal, or Alpha terminates to accept an alternative transaction, or if the merger agreement is terminated and Alpha enters into or consummates another transaction within one year of such termination, then Alpha will have to pay us a $350 million termination fee. Similarly, if Alpha terminates the agreement because our Board of Directors withdraws its recommendation of the deal, or if the agreement is terminated and we enter into or consummate another transaction within one year of such termination, then we will have to pay Alpha a $350 million termination fee. In addition, if Alpha's stockholders do not approve the transaction, Alpha will have to pay us a $100 million termination fee, and if our shareholders do not approve the transaction, we will have to pay Alpha a $100 million termination fee.

Preferred Stock Conversion

On July 16, 2008, 19,350 preferred shares were converted to 2,574,800 shares of common stock at a conversion rate of 133.0646, reducing our preferred stock outstanding to 205 shares with a redemption value of $2.8 million on that date. Total common shares are being issued out of treasury.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is designed to provide a reader of our financial statements with a narrative from the perspective of management on our financial condition, results of operations, liquidity and other factors that may affect our future results. We believe it is important to read our MD&A in conjunction with our Annual Report on SEC Form 10-K for the year ended December 31, 2007 as well as other publicly available information.

OVERVIEW

Cleveland-Cliffs Inc, headquartered in Cleveland, Ohio, is an international mining company, the largest producer of iron ore pellets in North America, and a major supplier of metallurgical coal to the global steelmaking industry. We operate six iron ore mines located in Michigan, Minnesota and Eastern Canada, and three coking coal mines in West Virginia and Alabama. We own 85.2 percent of Portman, a large iron ore mining company in Australia, serving the Asian iron ore markets with direct-shipping fines and lump ore. We also have a 30 percent interest in Amapá, a Brazilian iron ore project; and a 45 percent economic interest in Sonoma, an Australian coking and thermal coal project.

We organize our business according to product category and geographic location: North American Iron Ore, North American Coal, Asia-Pacific Iron Ore, Asia-Pacific Coal and Latin American Iron Ore. The Asia-Pacific Coal and Latin American Iron Ore businesses are in the early stages of production.

Cliffs Asia-Pacific headquarters are located in Perth, Australia. Cliffs Latin America headquarters are located in Rio de Janeiro, Brazil. Cliffs International Mineração Brasil, Ltda and Cliffs Asia-Pacific Pty Limited provide technical and administrative support for Cliffs' assets in Latin America and Australia, respectively, as well as new business development services in these regions. All North American business segments are headquartered in Cleveland, Ohio. Offices in Duluth, Minnesota, have shared services groups supporting the North American business segments. Our Cliffs Technology Center Office is located in Ishpeming, Michigan. See NOTE 6 – SEGMENT REPORTING for further information.

Growth Strategy

We expect to grow our business and presence as an international mining company by expanding both geographically and through the minerals that we mine and market. Our investments in Australia and Latin America, as well as acquisitions in minerals outside of iron ore, such as coal, illustrate the execution of this strategy.

Mineral Diversification – In addition to continuously evaluating acquisition targets and investment opportunities in iron ore, metallurgical and thermal coal, we also consider opportunities outside of these areas, including those that could expand our position as a supplier of raw materials to the steelmaking industry or capitalize on our skill sets and expertise in other industries.

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Geographic Diversification – We currently have producing assets in North America, Australia and Latin America. Through recent growth projects such as Amapá, which provided entry into Latin America through a minority interest, and Sonoma in Queensland, Australia, we are increasing our presence in markets outside of North America.

Our strategy also includes plans to capitalize on our unique technological expertise in the area of concentrating and processing lower-grade ores into high-quality products. An example of this is our recent alliance with Kobe Steel and the right to enter into a license agreement to use its patented ITmk3® iron-making technology. Used for the production of high-purity iron nuggets containing more than 96 percent iron, the ITmk3® process provides the means to create high-quality raw materials for electric arc furnaces, a market we do not currently supply.

Golden West

During the second quarter of 2008, Portman acquired 22 million shares of Golden West, a Western Australia iron ore exploration company, which represents approximately 19.9 percent of its outstanding shares. Acquisition of the shares represents an investment of approximately $27 million. Golden West owns the Wiluna West exploration ore project in Western Australia, containing a resource of 119 million metric tons of ore. The purchase provides Portman a strategic interest in Golden West and Wiluna West.

Sale of Cliffs Synfuel Corp.

On June 4, 2008, we completed the sale of our wholly owned subsidiary, Cliffs Synfuel Corp. (“Synfuel”). Under the agreement, Oil Shale Exploration Company-Skyline, LLC acquired 100 percent of Synfuel for $24 million. As additional consideration for the stock, a perpetual nonparticipating royalty interest was granted initially equal to $0.02 per barrel of shale oil and $0.01 per barrel of shale oil produced from lands covered by existing State of Utah oil shale leases, plus 25 percent of royalty payments from conventional oil and gas operations. We recorded a gain of $19 million upon completion of the transaction.

RESULTS OF OPERATIONS

North American Iron Ore

Following is a summary of North American Iron Ore results for the three months ended June 30, 2008 and 2007:

	(In Millions)						
	Three Months Ended June 30,		Change due to				
	2008	2007	Sales price and rate	Sales volume	Freight and reimbursements	Total change
Revenues from product sales and services	$ 643.4	$ 432.8	$ 202.8	$ 2.5	$ 5.3	$ 210.6
Cost of goods sold and operating expense	(370.8)	(328.4)	(35.1)	(2.0)	(5.3)	(42.4)
Sales margin	$ 272.6	$ 104.4	$ 167.7	$ 0.5	$ -	$ 168.2
Sales tons	5.5	5.4				

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Following is a summary of North American Iron Ore results for the six months ended June 30, 2008 and 2007:

	(In Millions)					
	Six Months Ended June 30,		Change due to			
	2008	2007	Sales price and rate	Sales volume	Freight and reimbursements	Total change
Revenues from product sales and services	$ 922.2	$ 658.0	$ 229.8	$ 18.9	$ 15.5	$ 264.2
Cost of goods sold and operating expense	(585.0)	(516.3)	(39.3)	(13.9)	(15.5)	(68.7)
Sales margin	$ 337.2	$ 141.7	$ 190.5	$ 5.0	$ -	$ 195.5
Sales tons	8.2	7.9				

The sales revenue increase for the second quarter and first half of 2008 was primarily due to higher sales prices combined with slight increases in sales volume. Sales price increases of approximately 56 percent in the quarter and 42 percent for the year to date primarily reflected the impact from higher steel prices, renegotiated and new long-term supply agreements with certain customers and other contractual price adjustment factors. Included in second quarter 2008 revenues was $84.3 million related to supplemental steel payments, compared with $20.0 million for the same period last year. For the first half of 2008, revenue included $110.3 million related to the supplemental payments compared with $29.6 million for the first six months of 2007. The higher sales volume for both the quarter and first half of 2008 is primarily due to increased demand.

In addition, based on settlement of 87 percent price increases in the iron ore pellet benchmarks referenced in certain of our North American Iron Ore sales contracts, approximately $5 million of additional product revenue, or $0.91 per ton, related to first quarter sales was recognized in the second quarter of 2008 upon settlement.

On May 30, 2008, we entered into a binding term sheet (the “Term Sheet”) with Algoma Steel Inc. (“Algoma”) amending the current Pellet Sale and Purchase Agreement with Algoma (the “Algoma Agreement”). As previously disclosed, Algoma, a Canadian steelmaker and subsidiary of Essar Steel Holdings Limited, had requested a price renegotiation for 2008 pricing under the terms of the Algoma Agreement. The Term Sheet establishes the price for 2008 and provides for the sale of additional tonnage to Algoma for 2008 and 2009. Pricing for 2009 and beyond will be determined in accordance with the original terms of the Algoma Agreement.

The cost of goods sold and operating expense increase in the second quarter and first half of 2008 was primarily due to higher costs of production and higher reimbursable freight and minority interest costs. Contributing to the increase in both the second quarter and first six months of 2008 were higher fuel and energy costs of $14.7 million and $19.1 million, respectively, compared to the same periods in 2007. Costs of goods sold and operating expense for the first half of 2008 were also higher due to major furnace repairs at Empire and United Taconite during the first quarter.

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Production

Following is a summary of iron ore production tonnage for 2008 and 2007:

	(In Millions) [1]					
	Second Quarter		First Six Months		Full Year	
	2008	2007	2008	2007	2008*	2007
Mine:						
Empire	1.4	1.3	2.6	2.5	4.2	4.9
Tilden	2.2	2.3	3.8	3.7	8.4	7.2
Hibbing	2.0	2.1	4.0	3.3	8.1	7.4
Northshore	1.5	1.3	2.8	2.6	5.7	5.2
United Taconite	1.5	1.4	2.7	2.6	5.5	5.3
Wabush	1.1	1.1	2.1	2.2	4.6	4.6
Total	9.7	9.5	18.0	16.9	36.5	34.6
Cliffs' share of total	6.3	6.0	11.5	10.8	24.0	21.8

* Estimate

[1] Tons are long tons of pellets of 2,240 pounds.

The increase in Hibbing's production for the first six months of 2008 compared to the comparable prior year period was a result of the shutdown in late February 2007 due to severe weather conditions that caused significant buildup of ice in the basin supplying water to the processing facility. The full year production loss in 2007 totaled approximately 0.8 million tons (Company share 0.2 million tons).

The increase in second quarter production at Northshore was due to reactivation of one of its furnaces at the end of March 2008. Accordingly, production at Northshore is expected to benefit from an incremental increase of approximately 0.6 million tons in 2008 and 0.8 million tons annually thereafter.

Production for 2008 at Empire and Tilden was previously expected to be 4.0 million tons and 7.9 million tons, respectively. However, based on the recently announced capital expansion project at the mines, we have increased our rate of production and expect to produce 4.2 million tons at Empire in 2008. As part of the capacity expansion, we will also mine additional ore from our Tilden mine, located adjacent to Empire, and process it utilizing additional processing capacity at Empire. As a result, we expect to produce 8.4 million tons at Tilden in 2008.

North American Coal

Following is a summary of North American Coal results for the three and six months ended June 30, 2008:

	(In Millions, except tonnage)	
	Three Months Ended June 30, 2008	Six Months Ended June 30, 2008
Revenues from product sales and services	$ 61.5	$ 155.4
Cost of goods sold and operating expense	(84.5)	(180.9)
Sales margin	$ (23.0)	$ (25.5)
Sales tons (in thousands)	576	1,574

Production

Following is a summary of coal production tonnage for 2008:

	(In Millions) [1]		
	Second Quarter	First Six Months	Full Year*
Mine:			
Pinnacle Complex	618	1,250	2,900
Oak Grove	115	492	1,100
Total	733	1,742	4,000

* Estimate
[1] Tons are short tons of 2,000 pounds.

We reported losses of $23.0 million and $25.5 million in sales margin for the three and six months ended June 30, 2008, respectively. On a sequential quarter basis, revenue decreased approximately 35 percent primarily as a result of lower sales volume. We sold 576 thousand tons during the second quarter of 2008 compared to 998 thousand tons in the first quarter of 2008. The decrease in sales volume was primarily attributable to a 27 percent decline in production as a result of development of the longwall panel at our Oak Grove mine. The extended development spanned throughout most of the second quarter. In addition, we declared force majeure on customer shipments from our Pinnacle mine in mid-March 2008. Production at the mine slowed during the second quarter as a result of encountering a fault area within the coal panel being mined at the time. The force majeure was lifted in mid-June 2008.

The costs per-ton increased approximately 58 percent from the first quarter of 2008. As a result of lower production in the second quarter, higher fixed costs were absorbed per ton produced.

Longwall development timing has been extended due to the difficulty in obtaining additional equipment and personnel. Accordingly, we reduced the total estimated metallurgical coal production for 2008 by approximately 300 thousand tons to 4.0 million tons.

Asia-Pacific Iron Ore

Following is a summary of Asia-Pacific Iron Ore results for the three months ended June 30, 2008 and 2007:

	(In Millions)				
	Three Months Ended June 30,		Change due to		
	2008	2007	Sales price and rate	Sales volume	Total change
Revenues from product sales and services	$ 268.2	$ 114.8	$ 172.0	$ (18.6)	$ 153.4
Cost of goods sold and operating expense	(107.3)	(89.6)	(32.1)	14.4	(17.7)
Sales margin	$ 160.9	$ 25.2	$ 139.9	$ (4.2)	$ 135.7
Sales tons	1.8	2.1			

Following is a summary of Asia-Pacific Iron Ore results for the six months ended June 30, 2008 and 2007:

	(In Millions)				
	Six Months Ended June 30,		Change due to		
	2008	2007	Sales price and rate	Sales volume	Total change
Revenues from product sales and services	$ 385.7	$ 215.1	$ 180.0	$ (9.4)	$ 170.6
Cost of goods sold and operating expense	(203.4)	(165.4)	(45.2)	7.2	(38.0)
Sales margin	$ 182.3	$ 49.7	$ 134.8	$ (2.2)	$ 132.6
Sales tons	3.9	4.1			

During the second quarter of 2008, the Australian benchmark prices for lump and fines settled at increases of 97 percent and 80 percent, respectively. As a result, second quarter sales from our Asia-Pacific Iron Ore segment were recorded based on 2008 settled price increases, which reflects an incremental increase of approximately $90.6 million when compared to second quarter revenue measured at 2007 prices. In addition, approximately $65.0 million of additional product revenue related to first quarter sales was recognized in the second quarter upon settlement of 2008 benchmark prices.

Cost of goods sold and operating expenses for the quarter and year to date increased primarily due to higher costs of production partially offset by lower volume. Costs were also negatively impacted in the second quarter and first half of 2008 by approximately $10.7 million and $25.2 million, respectively, related to foreign exchange rates, as the U.S. dollar continued to weaken relative to the Australian dollar. The increase in cost of goods sold and operating expenses was also a result of higher fuel, maintenance and contract labor expenditures arising from inflationary pressures. Fuel and energy costs for the quarter and year to date increased by approximately $3.5 million and $5.0 million, respectively, compared to the comparable periods in 2007.

Production

Following is a summary of iron ore production tonnage for 2008 and 2007:

	(In Millions) (1)					
	Second Quarter		First Six Months		Full Year	
	2008	2007	2008	2007	2008*	2007
Mine:						
Koolyanobbing	1.9	2.1	3.7	3.9	7.7	7.7
Cockatoo Island	0.2	0.1	0.3	0.3	0.3	0.7
Total	2.1	2.2	4.0	4.2	8.0	8.4

* Estimate
(1) Tonnes are metric tons of 2,205 pounds. Cockatoo production reflects our 50 percent share.

Production for the second quarter and first half of 2008 was relatively consistent with the comparable prior year periods. Cockatoo Island production continued through the second quarter of 2008, with shipments expected to terminate with the closing of the mine in the third quarter of 2008.

Other operating income (expense)

Following is a summary of other operating income (expense) for 2008 and 2007:

	(In Millions)					
	Three Months Ended June 30,			Six Months Ended June 30,		
	2008	2007	Variance Favorable/ (Unfavorable)	2008	2007	Variance Favorable/ (Unfavorable)
Casualty recoveries	$ 10.0	$ 3.2	$ 6.8	$ 10.0	$ 3.2	$ 6.8
Royalties and management fee revenue	7.1	4.0	3.1	10.9	6.2	4.7
Selling, general and administrative expenses	(52.1)	(21.5)	(30.6)	(96.6)	(42.2)	(54.4)
Gain on sale of other assets	19.5	-	19.5	21.0	-	21.0
Miscellaneous - net	(1.4)	0.6	(2.0)	(1.9)	2.2	(4.1)
	$(16.9)	$(13.7)	$ (3.2)	$ (56.6)	$(30.6)	$ (26.0)

The increase in selling, general and administrative expense of $30.6 million and $54.4 million in the second quarter and first half of 2008, respectively, compared with the same periods in 2007 is primarily a result of higher employment compensation and increased outside professional service fees associated with the expansion of our business of $13.3 million and $17.1 million for the quarter and year to date, respectively. In addition, selling, general and administrative expense increased in the quarter and first half of 2008 by $5.4 million and $11.3 million, respectively, as a result of additional corporate development activities in Latin America and Asia-Pacific. Increases of $3.4 million and $9.2 million for the quarter and year to date, respectively, relate to our North American Coal segment acquired in July 2007. Selling, general and administrative expense for the first six months of 2008 was also impacted by a charge in the first quarter of approximately $6.8 million in connection with a legal case as well as $2.1 million related to our interest in Sonoma acquired in 2007.

The gain on sale of other assets of $19.5 million and $21.0 million in the second quarter and first half of 2008, respectively, primarily relates to the sale of Synfuel, which was completed on June 4, 2008. We recorded a gain of $19 million in the second quarter of 2008 upon completion of the transaction.

The increase in casualty recoveries for both the three and six months ended June 30, 2008 compared to the comparable prior year periods is primarily attributable to a $9.2 million insurance recovery recognized in the current year related to a 2006 electrical explosion at our United Taconite facility.

Other income (expense)

Following is a summary of other income (expense) for 2008 and 2007:

	(In Millions)					
	Three Months Ended June 30,			Six Months Ended June 30,		
	2008	2007	Variance Favorable/ (Unfavorable)	2008	2007	Variance Favorable/ (Unfavorable)
Interest income	$ 6.3	$ 4.6	$ 1.7	$ 11.9	$ 9.9	$ 2.0
Interest expense	(9.8)	(2.1)	(7.7)	(17.0)	(3.1)	(13.9)
Other - net	0.3	(1.2)	1.5	0.3	0.1	0.2
	$ (3.2)	$ 1.3	$ (4.5)	$ (4.8)	$ 6.9	$ (11.7)

The increase in interest income for both the quarter and year to date is primarily attributable to additional cash and investments held by Portman during the period coupled with higher average returns. Higher interest expense in both the second quarter and first half of 2008 reflected borrowings under our credit facilities and interest accretion for the deferred payment. See NOTE 5 – DEBT AND CREDIT FACILITIES for further information.

Income Taxes

Our total tax provision from continuing operations for the six months ended June 30, 2008 and 2007 was $121.6 million and $39.3 million, respectively. The increase in our tax provision is attributable to higher pre-tax income and a higher effective tax rate. For the full year 2008, we expect an effective tax rate of approximately 26 percent, which reflects benefits from deductions for percentage depletion in excess of cost depletion related to U.S. operations as well as benefits derived from operations outside the U.S., which are taxed at rates lower than the U.S. statutory rate of 35 percent. See NOTE 10– INCOME TAXES for further information.

Equity Loss in Ventures

The equity loss in ventures for the three and six months ended June 30, 2008 of $6.2 million and $13.1 million, respectively, represents the results from our investment in Amapá. The results for the second quarter and year to date primarily consist of pre-production and start-up losses of $8.4 million and $22.1 million, respectively, including operating losses from the railroad of $1.9 million and $3.9 million, respectively, partially offset by foreign currency hedge gains, $2.7 million and $8.6 million, respectively.

Renewafuel

During the second quarter of 2008, Renewafuel announced it will build a next-generation biomass fuel production facility at the Telkite Technology Park in Marquette, Michigan. Projected to begin operations in the first quarter of 2009, the plant will annually produce 150,000 tons of high-energy, low-emission biofuel cubes from a sustainable composite of collected wood and agricultural feedstocks, including wood byproducts, corn stalks, grasses and energy crops. Our 70 percent controlling interest in Renewafuel is a strategic investment that provides an opportunity to utilize a “green” solution for further reduction of emissions consistent with our objective to contain costs and enhance efficiencies in a socially responsible manner. In addition to the potential use of Renewafuel’s biofuel cubes in our production process, the cubes will be marketable to other organizations as a potential substitute for western coal and natural gas.

Renewafuel’s biofuel cubes generate about the same amount of energy as coal from the western United States; however, the green fuel emits 90 percent less sulfur dioxide, 35 percent less particulate matter and 30 percent less acid gases than coal. In addition, the cubes are made from feedstocks that are considered biogenic carbon — meaning they are already part of the natural carbon balance and will not add to atmospheric concentrations of carbon dioxide. At full production, Renewafuel will produce approximately 60,000 tons of biomass fuel cubes for the steam plant of Marquette Board of Light and Power, as well as replace a portion of coal used at our two nearby Michigan iron ore mines as process fuel for kilns used to harden iron ore pellets. The capital cost for the facility is estimated to be approximately $10 million.

LIQUIDITY, CASH FLOWS AND CAPITAL RESOURCES

Liquidity

Following is a summary of key liquidity measures at June 30, 2008 and December 31, 2007:

	(In Millions)	
	June 30, 2008	December 31, 2007
Cash and cash equivalents	$ 320.4	$ 157.1
Credit facility	$ 800.0	$ 800.0
Senior notes	325.0	-
Portman facilities	153.8	-
Senior notes drawn	(325.0)	-
Term loans drawn	(200.0)	(200.0)
Revolving loans drawn	(160.0)	(240.0)
Letter of credit obligations	(31.4)	(16.2)
Borrowing capacity available	$ 562.4	$ 343.8

Uses of liquidity primarily include operational needs, general capital requirements, and capital expenditures related to the Empire and Tilden mine expansion project, upgrades on the rail line at Portman between the operations and the port, and longwall system down payments at our Pinnacle mine.

At June 30, 2008, Amapá had long-term project debt outstanding of approximately $338 million for which we have provided a several guarantee on our 30 percent share. Amapá has engaged in ongoing discussions with its lenders regarding loan amendments to address several loan covenant violations related to project delays, higher construction expenditures, debt-to-equity ratios and deliveries under its long-term supply agreement with an operator of an iron ore pelletizing plant in the Kingdom of Bahrain. In addition, at June 30, 2008, Amapá had total short-term loans outstanding of $188.9 million. We subsequently provided a several guarantee in July 2008 on our 30 percent share of the total debt outstanding, or $159.1 million.

See NOTE 5 – DEBT AND CREDIT FACILITIES for further information on our credit facilities.

Cash Flows

Following is a summary of cash flows for the six months ended June 30, 2008 and 2007:

	(In Millions)	
	Six Months Ended June 30,	
	2008	2007
Borrowings under senior notes	$ 325.0	$ -
Net cash provided (used) by operating activities	82.9	(37.7)
Proceeds from sale of assets	38.6	1.8
Purchase of minority interest in Portman	(137.8)	-
Net borrowings (repayments) under revolving credit facility	(80.0)	125.0
Capital expenditures	(59.1)	(46.2)
Net purchase of marketable securities	(6.7)	(36.0)
Investment in ventures	(2.2)	(223.7)
Other	2.6	(5.6)
Increase (decrease) in cash and cash equivalents	$ 163.3	$ (222.4)

A summary of cash flows due to changes in operating assets and liabilities is as follows:

	(In Millions)	
	Six Months Ended June 30,	
	2008	2007
Changes in product inventories	$ (205.3)	$ (159.0)
Changes in payables and accrued expenses	(108.4)	8.1
Changes in receivables and other assets	63.4	(48.1)
Cash used by changes in operating assets and liabilities	$ (250.3)	$ (199.0)

Our product inventory balances at June 30, 2008 and December 31, 2007 were as follows:

	(In Millions)			
	June 30, 2008		December 31, 2007	
	Amount	Tons*	Amount	Tons*
North American Iron Ore	$ 297.1	6.7	$ 114.3	3.4
North American Coal	15.4	0.3	8.3	0.1
Asia-Pacific Iron Ore	38.0	1.3	30.2	1.1
Other	10.6	0.2	-	-
Total	$ 361.1		$ 152.8	

*North American Iron Ore tons are long tons of pellets of 2,240 pounds.
North American Coal tons are short tons of 2,000 pounds.
Asia-Pacific Iron Ore tons are metric tons of 2,205 pounds.

The increase in North American Iron Ore pellet inventory was primarily due to higher production volume as well as winter-related shipping constraints on the lower Great Lakes earlier in the year.

TILDEN MINE THREATENED PATTERN OF VIOLATIONS

On June 17, 2008 the MSHA notified Tilden that it had conducted an initial screening of Tilden's compliance record. MSHA's notice indicated that based upon the screening a potential pattern of violations exists at the mine. Tilden has requested a conference with MSHA and is preparing a written action plan indicating actions it intends to implement to reduce repeated significant and substantial violations at the operation. No date has been set for the conference at this time.

WABUSH MINES LITIGATION

We have been named as defendants, along with U. S. Steel, in an action brought before the Ontario Superior Court of Justice by Dofasco. The action pertains to a contemplated transaction whereby Dofasco would purchase our ownership interests and those of U. S. Steel in Wabush. After six months of negotiations with no definitive agreements reached, both we and U. S. Steel determined to withdraw from negotiations and retain our respective ownership interests in Wabush. Notice of the withdrawal was delivered to Dofasco on March 3, 2008.

On March 20, 2008, Dofasco commenced this action against both Cliffs and U. S. Steel. Dofasco's statement of claim demands specific performance of an alleged binding contract for Cliffs and U. S. Steel to sell their respective interests in Wabush with equitable compensation in the amount of C$427 million or, in the alternative, general damages in the amount of C$1.8

billion. We strongly disagree with Dofasco's allegations and intend to defend this case vigorously. On May 14, 2008 U. S. Steel filed a Notice of Motion to dismiss the action. We filed an identical Notice of Motion on May 15, 2008. A two day hearing was held on our respective motions on June 23 and 24, 2008, and we expect a ruling from the court during the third quarter of 2008.

PENSIONS AND OTHER POSTRETIREMENT BENEFITS

Defined benefit pension expense totaled $5.4 million and $9.2 million for the second quarter and first half of 2008, respectively, compared with $5.2 million and $10.4 million for the comparable periods in 2007. Defined benefit pension expense for the first six months of 2008 decreased from the comparable prior year period as a result of changes in the service lives of the workforce as well as favorable experience on investments and discount rates. See NOTE 8 – PENSION AND OTHER POSTRETIREMENT BENEFITS for additional information.

OPEB expense totaled $1.2 million and $2.2 million for the second quarter and first half of 2008, respectively, compared with $2.4 million and $4.8 million for the comparable 2007 periods. The decrease in OPEB expense for both the quarter and year to date was due to changes in remaining service lives of employees and lower medical claims paid experience.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In May 2008, the FASB issued FASB Statement No. 162, *The Hierarchy of Generally Accepted Accounting Principles* ("SFAS 162"). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with U.S. GAAP. SFAS 162 is effective 60 days following the SEC's approval of the PCAOB's related amendments to remove the GAAP hierarchy from auditing standards, where it has previously resided. We are evaluating the impact SFAS 162 will have on our consolidated financial statements upon adoption, but do not expect this Statement to result in a material change in current practice.

In April 2008, the FASB issued FSP No. FAS 142-3, *Determination of the Useful Life of Intangible Assets*. This FSP amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, *Goodwill and Other Intangible Assets* ("SFAS 142"). The objective of this FSP is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141(R), and other U.S. GAAP. This FSP applies to all intangible assets, whether acquired in a business combination or otherwise and shall be effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years and applied prospectively to intangible assets acquired after the effective date. Early adoption is prohibited. We are currently evaluating the impact adoption of this FSP will have on our consolidated financial statements.

In March 2008, the FASB issued Statement No. 161, *Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133,* ("SFAS 161"). This Statement amends and expands the disclosure requirements of Statement 133 to provide users of financial statements with an enhanced understanding of how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations and how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. The new requirements apply to derivative instruments and non-derivative instruments that are designated and qualify as hedging instruments and related hedged items accounted for under SFAS 133. The Statement is effective for fiscal years and interim periods beginning after November 15, 2008. Early application is encouraged. We are currently evaluating the impact adoption of this Statement will have on our consolidated financial statements.

In February 2008, the FASB issued FASB Staff Position 157-1, *Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13* ("FSP 157-1"). FSP 157-1 amends SFAS 157 to remove certain leasing transactions from its scope. In addition, on February 12, 2008, the FASB issued FSP FAS 157-2, *Effective Date of FASB Statement No. 157*, which amends SFAS 157 by delaying its effective date by one year for non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis. This pronouncement was effective upon issuance. We have deferred the adoption of SFAS 157 with respect to all non-financial assets and liabilities in accordance with the provisions of this pronouncement. On January 1, 2009, SFAS 157 will be applied to all other fair value measurements for which the application was deferred under FSP FAS 157-2. We are currently assessing the impact SFAS 157 will have in relation to non-financial assets and liabilities on our consolidated financial statements. See NOTE 11 – FAIR VALUE OF FINANCIAL INSTRUMENTS for further information.

FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities-Including an Amendment of FASB Statement No. 115* ("SFAS 159") became effective on January 1, 2008. This standard permits entities to choose to measure many financial instruments and certain other items at fair value. While SFAS 159 became effective for our 2008 fiscal year, we did not elect the fair value measurement option for any of our financial assets or liabilities. Therefore, adoption of this Statement did not have a material impact on our consolidated financial statements.

MARKET RISKS

We are subject to a variety of risks, including those caused by changes in the market value of equity investments, changes in commodity prices, interest rates and foreign currency exchange rates. We have established policies and procedures to manage such risks; however, certain risks are beyond our control.

Foreign Currency Exchange Rate Risk

Portman hedges a portion of its United States currency-denominated sales in accordance with a formal policy. The primary objective for using derivative financial instruments is to reduce the earnings volatility attributable to changes in Australian and United States currency fluctuations. The instruments are subject to formal documentation, intended to achieve qualifying hedge treatment, and are tested at inception and at each reporting period as to effectiveness. Changes in fair value for highly effective hedges are recorded as a component of other comprehensive income. Ineffective portions are charged to *Miscellaneous – net* on the Statements of Unaudited Condensed Consolidated Operations. At June 30, 2008, Portman had $559.2 million of outstanding exchange rate contracts in the form of call options, collar options, convertible collar options and forward exchange contracts with varying maturity dates ranging from July 2008 to May 2011, and fair value adjustments of $44.4 million, based on the June 30, 2008 spot rate. A 100 basis point increase in the value of the Australian dollar from the month-end rate would increase the fair value by approximately $40.1 million and a 100 basis point decrease would reduce the fair value by approximately $49.1 million.

Our share of pellets produced at the Wabush operation in Canada represents approximately five percent of our North American iron ore pellet production. This operation is subject to currency exchange fluctuations between the United States and Canadian currency; however, we do not hedge our exposure to this currency exchange fluctuation.

Interest Rate Risk

Interest for borrowings under our credit facility is at a floating rate, dependent in part on the LIBOR rate, which exposes us to the effects of interest rate changes. Based on $260 million in outstanding revolving and term loans at June 30, 2008 with a floating interest rate and no corresponding fixed rate swap, a 100 basis point change to the LIBOR rate would result in a change of $2.6 million to interest expense on an annual basis.

In October 2007, we entered into a $100 million fixed rate swap to convert a portion of this floating rate into a fixed rate. With the swap agreement, we pay a fixed three-month LIBOR rate for $100 million of our floating rate borrowings. The interest rate swap terminates in October 2009 and qualifies as a cash flow hedge.

Other Risks

Our investment policy relating to short-term investments is to preserve principal and liquidity while maximizing the short-term return through investment of available funds. The carrying value of these investments approximates fair value on the reporting dates.

Approximately six percent of our U.S. pension trust assets and two percent of VEBA assets are exposed to sub prime risk, all of which are investment grade and fully collateralized by properties. These investments primarily include Mortgage-Backed Securities and the Home Equity subset of the Asset-Backed Securities sector with AAA and AA credit quality ratings.

The spreads of these structures have narrowed causing their market values to improve as the liquidity crisis in the U.S. has waned. In addition, the over-collateralization of the arrangements mitigates the potential for principal loss in these tranches, and the securities held have not been subject to rating downgrades to date. The U.S. pension and VEBA trusts have no allocations to mortgage-related collateralized debt obligations.

The rising cost of energy and supplies are important issues affecting our production costs. Recent trends indicate that electric power, natural gas and oil costs can be expected to increase over time, although the direction and magnitude of short-term changes are difficult to predict. Our consolidated North American iron ore mining ventures consumed approximately 5.5 million MMBTU's of natural gas and 8.9 million gallons of diesel fuel in the first six months of 2008. As of June 30, 2008, we purchased or have forward purchase contracts for 6.9 million MMBTU's of natural gas, representing approximately 53 percent of our 2008 requirements, at an average price of $9.66 per MMBTU and 10.8 million gallons of diesel fuel, representing approximately 43 percent of our annual requirements, at $3.00 per gallon for our North American iron ore mining ventures.

Our strategy to address increasing energy rates includes improving efficiency in energy usage and utilizing the lowest cost alternative fuels. To counter the rising cost of fuel and shrink our carbon footprint, we have made investments in a renewable fuel company and a small natural gas field in Kansas. Our North American Iron Ore mining ventures enter into forward contracts for certain commodities, primarily natural gas and diesel fuel, as a hedge against price volatility. Such contracts are in quantities expected to be delivered and used in the production process. At June 30, 2008, the notional amount of the outstanding forward contracts was $33.5 million, with an unrecognized fair value net gain of $20.0 million based on June 30, 2008 forward rates. The contracts mature at various times through December 2009. If the forward rates were to change 10 percent from the month-end rate, the value and potential cash flow effect on the contracts would be approximately $5.3 million.

OUTLOOK

North American Iron Ore

We updated our guidance for expected 2008 per-ton pricing and costs and currently expect to realize average per-ton prices of $90, up from our previous estimate of $85 and an increase of 36 percent from the average price per ton of $66 realized in 2007. This expectation is based on an annual average hot band steel price of $775 per ton at certain steelmaking facilities. Cost per ton is estimated to average $57 for the full year—up from our previous estimate of $56, and an increase of 19 percent compared with the $48 per-ton average reported for 2007. The higher cost per ton estimate is the result of increasing royalty payments, energy costs and maintenance activities associated with our recently announced expansion at the Empire and Tilden mines in Michigan.

In 2008, we expect to have equity production of approximately 24 million tons and sales volume of an estimated 25 million tons as we sell through inventory. The increases in our equity production and sales volume are a result of the Michigan operations expansion and the mid-year acquisition of the remaining 30 percent interest in United Taconite, combined with continued market strength.

North American Coal

North American Coal is expected to produce and sell approximately 4.0 million tons of metallurgical coal in 2008, a 300 thousand ton reduction from previous guidance. The decrease is a result of extended longwall development due to the timing of adding additional equipment and personnel. Average sales realization per ton is still expected to be approximately $94. Cost per ton for the year is expected to be $89, a three dollar increase from previous guidance, due to the reduced production outlook.

Asia-Pacific Iron Ore

Our Asia-Pacific Iron Ore segment is expected to achieve average revenue per tonne of approximately $102 in 2008. This is an 85 percent increase from the previous year’s per-tonne average of $55, and is primarily due to recent iron ore settlements in Australia of an 80 percent increase for fines and a 97 percent increase for lump ore.

We expect cost per tonne in Asia-Pacific Iron Ore to average $58 in 2008, up 35 percent from the $43 per-tonne average in 2007. The cost increase is primarily the result of higher expected royalty payments related to higher than expected year-over-year price increases, rising fuel costs and the impact of foreign exchange. Production and sales volumes are both expected to be 8.0 million tonnes.

Sonoma Coal Project Outlook

We have a 45 percent economic interest in the Sonoma project and expect total production of approximately 2.0 million tonnes for 2008. With recent reports of significant year-over-year increases in pricing for metallurgical coal, Sonoma is expected to benefit and generate average revenue of $142 per tonne in 2008, an increase from our previous guidance of $129 per tonne. Our outlook for Sonoma includes a mix of metallurgical and thermal coal.

Costs at Sonoma are projected at approximately $92 per tonne for 2008, up from our previous estimate of $83 per tonne. The higher cost is the result of expenses attributed to changes in mine operations related to increasing the production ratio of metallurgical versus thermal coal.

Amapá Iron Ore Project

The Amapá Project, a project between MMX and Cliffs, began production in late-December 2007. We own a 30 percent interest in the project. MMX, who has agreed to sell its stake in Amapá to Anglo American plc, has management control over the venture. MMX has indicated plans to complete construction of the concentrator and ramp up operations during 2008, with production and sales expected to total approximately three million tonnes for the full year. Based on start-up delays and production levels, we expect to incur equity losses in 2008. MMX expects Amapá to produce at the 6.5 million tonne design level in 2009.

Other Expectations

Total operating expenses are anticipated to be approximately $140 million in 2008, comprised of selling, general and administrative expenses offset by casualty recoveries, royalties and gain on sale of assets. We anticipate an effective tax rate of approximately 26 percent for the year. We also expect 2008 capital expenditures of approximately $250 million and depreciation and amortization of approximately $190 million. The increase from the previous estimate of $200 million of capital expenditures is related to the recently announced Empire and Tilden mine-expansion project, upgrades on the rail line at Portman between the operations and the port, and longwall system down payments at our Pinnacle mine.

FORWARD-LOOKING STATEMENTS

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;
- estimates of our economic iron ore and coal reserves;
- our business and growth strategies;
- our financing plans and forecasts;
- labor relations; and
- uncertainties associated with unanticipated geological conditions related to underground mining.

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 a discussion of the factors, including but not limited to, those that could adversely affect our actual results and performance, see “Risk Factors” in Part I – Item 1A in our Annual Report on Form 10-K for the year-ended December 31, 2007.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information regarding Market Risk of the Company is presented under the caption “Market Risk” which is included in our Annual Report on Form 10-K for the year ended December 31, 2007 and in the Management’s Discussion and Analysis section of this report.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of “disclosure controls and procedures” in Rule 13a-15(e) promulgated under the Exchange Act. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of the end of the period covered by this report, we carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of the date of the evaluation conducted by our Chief Executive Officer and Chief Financial Officer.

Changes in internal controls over financial reporting

There have been no changes in our internal control over financial reporting or in other factors that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. See “Management Report on Internal Controls Over Financial Reporting” and “Report of Independent Registered Public Accounting Firm” in our Annual Report on Form 10-K for the year ended December 31, 2007.

PART II – OTHER INFORMATION

ITEM 1. Legal Proceedings

Tilden Mine Threatened Pattern of Violations. On June 17, 2008 the MSHA notified Tilden that it had conducted an initial screening of Tilden’s compliance record. MSHA’s notice indicated that based upon the screening a potential pattern of violations exists at the mine. Tilden has requested a conference with MSHA and is preparing a written action plan indicating actions it intends to implement to reduce repeated significant and substantial violations at the operation. No date has been set for the conference at this time.

Wabush Litigation. We have been named, along with two of our wholly owned subsidiaries, Cliffs Mining Company and Wabush Iron Co. Limited, as defendants, along with U. S. Steel Canada Inc. (formerly Stelco Inc.), HLE Mining Limited Partnership and HLE Mining GP Inc. (collectively, “U. S. Steel”), in an action brought before the Ontario Superior Court of Justice by Dofasco. The action pertains to a contemplated transaction whereby Dofasco and/or certain of its affiliates would purchase our ownership interests and those of U. S. Steel in Wabush. After six months of negotiations with no definitive agreements reached, both we and U. S. Steel determined to withdraw from negotiations and retain our respective ownership interests in Wabush. Notice of the withdrawal was delivered to Dofasco on March 3, 2008.

On March 20, 2008, Dofasco commenced this action against both Cliffs and U. S. Steel. Dofasco’s statement of claim demands specific performance of an alleged binding contract for Cliffs and U. S. Steel to sell their respective interests in Wabush with equitable compensation in the amount of C$427 million or, in the alternative, general damages in the amount of C$1.8 billion. We strongly disagree with Dofasco’s allegations and intend to defend this case vigorously. On May 14, 2008 U. S. Steel filed a Notice of Motion to dismiss the action. We filed an identical Notice of Motion on May 15, 2008. A two day hearing was held on our respective motions on June 23 and 24, 2008, and we expect a ruling from the court during the third quarter of 2008.

American Steamship Litigation. On May 20, 2008, a jury returned a verdict in favor of Cliffs Sales Company with respect to overcharges for fuel Adjustments. The jury awarded Cliffs Sales damages totaling $3.7 million. It was determined that Oglebay Norton was responsible for $1.7 million of the damages to Cliffs Sales and American Steamship Company was responsible for the remaining $2.0 million. The jury stated that ASC could only charge an additional half cent fuel surcharge on shuttles to a blast furnace ore dock in Cleveland, Ohio when the ore was delivered to Cleveland Bulk Terminal by a non-ASC vessel. The jury found against Cliffs Sales finding that ASC was not obligated to provide winter shuttle service. Cliffs Sales filed a motion for the payment of interest on the amounts due to Cliffs Sales as well as for our costs for trying. ASC and Oglebay filed motions for New Trial and for Judgment as a Matter of Law.

Northshore Notice of Violation. On July 28, 2008, the MPCA issued a Notice of Violation ("NOV") to Northshore alleging violations related to the Control City Standard for the period of March 2006 through October 2007, specifically with respect to MPCA's interpretation of the Control City Standard's emission limits and related monitoring and reporting requirements. The NOV states that Northshore has been in compliance with MPCA's interpretation of the Standard since October 2007, but requires corrective actions relating to operating and maintaining facilities of treatment and control to remain in compliance. Although the NOV does not seek civil penalties, it contains various requests for information and reserves the right for MPCA to take further action. Northshore disputes the allegations contained in the NOV and is currently assessing its legal/administrative options.

M.M. Silta, Inc. v. Cleveland-Cliffs Inc et al. The motions filed with the trial court for judgment as a matter of law and a new trial were denied by the trial court. A notice of appeal was filed, but no briefs have been filed to date.

ITEM 1A. Risk Factors

Our 2007 Annual Report on Form 10-K includes a detailed discussion of our risk factors. The information presented below amends, updates and should be read in conjunction with the risk factors and information disclosed in that Form 10-K.

We are subject to risks involving the acts or omissions of our joint venture partners when we are not the manager of the joint venture.

We cannot control the actions of our joint venture partners, especially when we have a minority interest in a joint venture and are not designated as the manager of the joint venture. Further, in spite of performing customary due diligence prior to entering into a joint venture, we cannot guaranty full disclosure of prior acts or omissions of the sellers or those with whom we enter into joint ventures. Most recently, we learned that the Brazilian Federal Police have initiated a criminal investigation into how the Amapá railway concession was obtained prior to our involvement in the project. Such risks could have a material adverse effect on the business, results of operations or financial condition of our joint venture interests.

The proposed merger with Alpha Natural Resources, Inc. is subject to certain closing conditions that, if not satisfied or waived, will result in the merger not being completed, which may cause the market price of our common shares to decline.

The merger is subject to customary conditions to closing, including the receipt of required approvals of our and Alpha's shareholders. If any condition to the merger is not satisfied or, if permissible, waived, the merger will not be completed. In addition, we and Alpha may terminate the merger agreement in certain circumstances. If we and Alpha do not complete the merger, the market price of our common shares may fluctuate to the extent that the current market prices of those shares reflect a market assumption that the merger will be completed. We will also be obligated to pay certain investment banking, financing, legal and accounting fees and related expenses in connection with the merger, whether or not the merger is completed.

Whether or not the merger with Alpha is completed, the announcement and pendency of the merger could cause disruptions in our business, which could have an adverse effect on our business and financial results.

Whether or not the merger is completed, the announcement and pendency of the merger could cause disruptions in our businesses. Specifically:

- current and prospective employees of Alpha experience uncertainty about their future roles with the combined company, which might adversely affect our ability to retain key managers and other employees; and
- the attention of our management may be directed toward the completion of the merger.

In addition, we have diverted significant management resources in an effort to complete the merger and are subject to restrictions contained in the merger agreement on the conduct of our business. If the merger is not completed, we will have incurred significant costs, including the diversion of management resources, for which they will have received little or no benefit. Further, we may be required to pay Alpha a termination fee of either $100 million or $350 million if the merger agreement is terminated, depending on the specific circumstances of the termination.

Opposition by Harbinger Capital Partners, one of our shareholders, and/or other significant shareholders of ours may prevent completion of the merger.

The approval of the issuance of our common shares pursuant to the terms of the merger agreement with Alpha requires the affirmative vote of at least two-thirds of the votes entitled to be cast by the holders of our outstanding common shares and preferred shares, voting together as a class. As a result, the failure of Harbinger Capital Partners, which, according to a filing on Schedule 13D, filed with the SEC on July 17, 2008, beneficially owns [15.57]% of our outstanding common shares, to vote in favor of the issuance of our common shares in the merger would significantly decrease the likelihood that the merger will be completed. On July 17, 2008, Harbinger Capital Partners publicly stated that it did not believe that the merger would be in the best interests of our shareholders. If Harbinger Capital Partners and/or other significant shareholders of ours oppose the merger, then our ability to obtain our required shareholder approval will be adversely affected.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) On April 15, 2008, May 15, 2008 and June 15, 2008, pursuant to the Cleveland-Cliffs Inc Voluntary Non-Qualified Deferred Compensation Plan (“VNQDC Plan”) the Company sold a total of 35 common shares, par value $.125 per share, of the Company (“Common Shares”) for an aggregate consideration of $2,987.30 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 one mine manager under the VNQDC Plan.

(b) The table below sets forth information regarding repurchases by the Company of its Common Shares during the periods indicated.

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ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit) $	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet be Purchased Under the Plans or Programs
April 1-30, 2008	—	—	—	2,495,400
May 1 - 31, 2008	3,190(2)	93.6763	—	2,495,400
June 1 - 30, 2008	—	—	—	2,495,400
Total	3,190	93.6763	—	2,495,400

(1) On July 11, 2006, we received the approval by the Board of Directors to repurchase up to an aggregate of four million outstanding Common Shares. There were no repurchases in the second quarter under this program.

(2) On May 21 and May 23, 2008 the Company acquired 3,190 Common Shares from two employees in connection with the lapsing of restrictions on certain shares on the respective dates. The shares were repurchased to satisfy the tax withholding obligations of the employees.

ITEM 4. Submission of Matters to a Vote of Security Holders

The Company’s Annual Meeting of Shareholders was held on May 13, 2008. At the meeting the Company’s shareholders acted upon the election of ten Directors, and the ratification of Deloitte & Touche LLP as the Company’s independent registered public accounting firm to examine our consolidated financial statements for the 2008 fiscal year.

In the election of Directors, the ten nominees named in the Company’s Proxy Statement, dated March 26, 2008, were elected to hold office until the next Annual Meeting of Shareholders and until their respective successors are elected. Each nominee received the number of votes set opposite his or her name:

Nominees	For	Withheld
R. C. Cambre	75,075,400	402,834
J. A. Carrabba	75,032,614	445,620
S. M. Cunningham	75,319,482	158,752
B. J. Eldridge	75,316,476	161,756
S. M. Green	75,326,546	151,688
J. D. Ireland, III	75,055,932	422,304
F. R. McAllister	75,072,100	406,134
R. Phillips	75,015,700	462,534
R. K. Riederer	75,323,178	155,056
A. Schwartz	75,047,044	431,190

There were no broker non-votes with respect to the election of Directors.

For the ratification of Deloitte & Touche LLP as the Company's independent registered public accounting firm, the voting was as follows:

For	75,365,118
Against	46,232
Abstain	66,884

There were no broker non-votes with respect to the election of Deloitte & Touche LLP.

ITEM 6. Exhibits

(a) List of Exhibits-Refer to Exhibit Index on page 55.

SIGNATURE

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, thereunto duly authorized.

CLEVELAND-CLIFFS INC

Date: July 31, 2008

By /s/ Laurie Brlas
Laurie Brlas
Executive Vice President and Chief
Financial Officer

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Exhibit Index

Exhibit Number	Exhibit	
2(a)	# Purchase and Sale Agreement by and among Cliffs UTAC Holding LLC, Cleveland-Cliffs Inc, United Mining Co. Ltd., and Laiwu Steel Group Ltd. dated July 11, 2008	Filed Herewith
2(b)	# Agreement and Plan of Merger dated as of July 15, 2008, by and among Cleveland-Cliffs Inc, Daily Double Acquisition, Inc., and Alpha Natural Resources, Inc. (filed as Exhibit 2(a) to Form 8-K on July 17, 2008 and incorporated by reference)	Not Applicable
3(a)	Amendment No. 3 to the Cleveland-Cliffs Inc Amended Articles of Incorporation as filed with the Secretary of State of Ohio on April 21, 2008 (filed as Exhibit 3(a) to Form 8-K of Cleveland-Cliffs Inc on April 23, 2008 and incorporated by reference)	Not Applicable
4(a)	First Amendment to Multicurrency Credit Agreement among Cleveland-Cliffs Inc and Bank of America, N.A. as Administrative Agent, Swing Line Lender and Letter of Credit Issuer and certain other financial institutions dated May 15, 2008 (filed as Exhibit 4(a) to Form 8-K of Cleveland-Cliffs Inc on May 21, 2008 and incorporated by reference)	Not Applicable
4(b)	Note Purchase Agreement dated June 25, 2008 by and among Cleveland-Cliffs Inc and the institutional investors party thereto (filed as Exhibit 4(a) to Form 8-K of Cleveland-Cliffs Inc on June 30, 2008)	Not Applicable
4(c)	Form of Common Share Certificate (filed as Exhibit 4(a) to Form 10-Q of Cleveland-Cliffs Inc on May 6, 2008 and incorporated by reference)	Not Applicable

The Company agrees to furnish supplementally a copy of any omitted exhibits or schedules to the Securities and exchange Commission upon request.

10(a)	* Form of letter to Participants of the 2006-2008 and the 2007-2009 Performance Share Periods amending the payment calculation method to be used for 2006 and 2007 Performance Share Grants dated May 27, 2008	Filed Herewith
10(b)	* Form of 2008 Participant Grant and Agreement Under the 2007 Incentive Equity Plan dated as of March 10, 2008	Filed Herewith
10(c)	** Term Sheet for Second Amendment of the Pellet Sale and Purchase Agreement among The Cleveland-Cliffs Iron Company, Cliffs Mining Company, Northshore Mining Company, Cliffs Sales Company and Algoma Steel Inc. dated May 30, 2008 and effective as of May 22, 2008	Filed Herewith
10(d)	** Term Sheet for Amendment and Extension of the Amended and Restated Pellet Sale and Purchase Agreement among Cliffs Sales Company, The Cleveland-Cliffs Iron Company, Cliffs Mining Company and Severstal North America, Inc., dated April 30, 2008 and effective as of April 29, 2008	Filed Herewith
10(e)	Registration Rights Agreement, dated as of July 11, 2008, by and between Cleveland-Cliffs Inc and United Mining Co., Ltd.	Filed Herewith
31(a)	Certification Pursuant to 15 U.S.C. Section 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, signed and dated by Joseph A. Carrabba, Chairman, President and Chief Executive Officer for Cleveland-Cliffs Inc, as of July 31, 2008	Filed Herewith

* Reflects management contract or other compensatory arrangement required to be filed as an exhibit pursuant to Item 6 of this Report.

** Confidential treatment requested as to certain portions, which portions have been omitted and filed separately with the Securities and Exchange Commission.

31(b)	Certification Pursuant to 15 U.S.C. Section 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, signed and dated by Laurie Brlas, Executive Vice President and Chief Financial Officer for Cleveland-Cliffs Inc, as of July 31, 2008	Filed Herewith
32(a)	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed and dated by Joseph A. Carrabba, Chairman, President and Chief Executive Officer for Cleveland-Cliffs Inc, as of July 31, 2008	Filed Herewith
32(b)	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed and dated by Laurie Brlas, Executive Vice President and Chief Financial Officer for Cleveland-Cliffs Inc, as of July 31, 2008	Filed Herewith

Exhibit 2(a)

EXECUTION VERSION

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this "***Agreement***") is made this 11th day of July, 2008, by and among Cliffs UTAC Holding LLC, a Delaware limited liability company ("***Cliffs Sub***"), Cleveland-Cliffs Inc, an Ohio corporation and the indirect parent of Cliffs Sub ("***Parent***"), United Mining Co., Ltd., a California corporation (the "***Seller***"), and Laiwu Steel Group Ltd., a corporation organized under the laws of the People's Republic of China ("***Laiwu Parent***"). Capitalized terms used in this Agreement and not defined herein shall have the respective meanings given to such terms in the Limited Liability Company Agreement of United Taconite LLC, a Delaware limited liability company (the "***Company***"), dated as of December 1, 2003, as amended effective as of January 1, 2005 (the "***Operating Agreement***").

RECITALS

WHEREAS, the Seller desires to sell and assign to Cliffs Sub, and Cliffs Sub desires to acquire from the Seller, all of the Seller's right, title and interest in, to and under the Seller's Units (the "***LLC Interest***");

WHEREAS, in consideration of the sale and assignment of the LLC Interest, Cliffs Sub is paying or causing to be paid to the Seller the Cash Consideration (as defined hereinafter), Parent is issuing to the Seller the Shares (as defined hereinafter and subject to adjustment and repurchase as provided herein), and Cliffs Sub will deliver or cause to be delivered to Laiwu Parent or its designee during 2008 and 2009 certain iron ore pellets (the "***Wabush Pellets***") produced by Wabush Mines Joint Venture, an unincorporated joint venture ("***Wabush***"), in the amounts and on the terms set forth in this Agreement;

WHEREAS, in connection with the sale and assignment of the LLC Interest by the Seller to Cliffs Sub, the parties wish to cause certain commercial agreements, to which either Cliffs Minnesota Mining Company, a Delaware corporation and an indirect subsidiary of Parent ("***CMMC***"), the Seller or both (or their respective Affiliates) are parties, to be assigned as set forth in this Agreement;

WHEREAS, in connection with the sale and assignment of the LLC Interest by the Seller to Cliffs Sub, the parties wish to cause certain commercial agreements, to which either CMMC, the Seller or both (or their respective Affiliates) are parties, to be terminated as set forth in this Agreement; and

WHEREAS, pursuant to Sections 2.4(a) and 3.1 of the Operating Agreement, the Board has unanimously consented in writing to the sale and purchase of the LLC Interest and the other transactions contemplated by this Agreement, in each case, upon the terms and conditions set forth in this Agreement.

AGREEMENTS

NOW, THEREFORE, in consideration of the premises and their mutual promises, undertakings, representations and warranties, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, upon the terms and subject to the conditions contained in this Agreement, the parties to this Agreement hereby agree as follows:

1 . ***Purchase and Sale of the LLC Interest*** . At the Closing, the Seller is selling, assigning, conveying, transferring and delivering to Cliffs Sub, and Cliffs Sub is purchasing and acquiring from the Seller, all of the Seller's right, title and interest in, to and under the LLC Interest, free and clear of all Liens.

2. ***Purchase Price***. In consideration of the transfer to Cliffs Sub of all of the Seller's right, title and interest in, to and under the LLC Interest:

(a) Cliffs Sub is paying or causing to be paid to the Seller at the Closing an amount in cash of at least $100,000,000 but not more than $265,000,000, such amount to be determined at the election of Cliffs Sub in its sole discretion (such amount, the "***Cash Consideration***");

(b) if Cliffs Sub has elected to pay Cash Consideration of less than $265,000,000 pursuant to clause (a) above, then Parent shall issue and deliver or cause to be delivered to the Seller at the Closing an aggregate number of shares (the "***Shares***") of common stock, par value $0.125 per share, of Parent ("***Parent Common Stock***") calculated by dividing the difference between $265,000,000 and the Cash Consideration paid pursuant to clause (a) above (such difference, the "***Stock Consideration Value***") by the closing price of Parent Common Stock on the New York Stock Exchange on the last trading day before the Closing Date;

(c) subject to Section 13, Cliffs Sub shall deliver or cause to be delivered to the Seller or its designee an aggregate of 1.2 million tons of Wabush Pellets (which amount is in addition to any Carryover Tonnage (as hereinafter defined)) in the amounts and during the months set forth in Column 1 of Exhibit A attached hereto and upon the delivery, quality and other commercial terms set forth in Section A of Exhibit B attached hereto; and

(d) the Seller is paying or causing to be paid to Cliffs Sub at the Closing an amount in cash equal to $450,000, which amount will be effectively paid by the Seller to Cliffs Sub by means of a reduction in the Cash Consideration otherwise being paid to the Seller at the Closing pursuant to Section 2(a) by an amount equal to $450,000.

3. ***Additional Payments.***

(a) Subject to Section 13, Cliffs Sub shall deliver or cause to be delivered to Laiwu Parent or its designee an aggregate of 342,960 tons of Wabush Pellets owed and not yet delivered as of the Closing (the "***Carryover Tonnage***", and such Wabush Pellets the "***Carryover Pellets***") by Wabush Iron Co. Limited, an Ohio corporation ("***Wabush Iron***"), to the Seller under that certain Pellet Exchange Agreement, dated as of December 1, 2003, by and between Wabush Iron and the Seller (the "***Cliffs Exchange Agreement***"), in the amounts and during the months set forth in Column 2 of Exhibit A attached hereto and upon the delivery, quality and other commercial terms set forth in Section B of Exhibit B attached hereto.

(b) Cliffs Sub is paying or causing to be paid to the Seller at the Closing an amount in cash equal to $4,481,180, which Cliffs Sub represents and warrants to be 30% of the insurance proceeds for (i) physical loss or damage and (ii) business interruption for fixed cost recovery in respect of the Insurance Event actually received, and not distributed, by the Company prior to the Effective Date under the applicable insurance policies from each of the insurance carriers listed on the Insurance Carrier Participation Schedule set forth on Exhibit H attached hereto (the "Insurers").

(c) Cliffs Sub is paying or causing to be paid to the Seller at the Closing an amount in cash equal to $323,641, which Cliffs Sub represents and warrants to be 19.5% of the amount of the proceeds for (i) physical loss or damage and (ii) business interruption for fixed cost recovery in respect of the Insurance Event to be received by the Company on or after the Effective Date under the applicable insurance policies from each of the Insurers.

(d) Cliffs Sub is paying or causing to be paid to the Seller at Closing an amount in cash equal to $660,000, being in respect of iron ore pellet chips sold by Cliffs Sub or an Affiliate of Cliffs Sub on behalf of the Seller on or prior to the Effective Date.

4. ***Post-closing Cooperation***

(a) Each of the parties hereto agrees to cooperate in good faith with the other parties hereto in seeking recovery for any insurance claims of the Company outstanding as of the Effective Date under the applicable insurance policies from each of the Insurers related to the Insurance Event and in respect of any claim that may be made by the Company pursuant to Section 4(b).

(b) Following receipt by Cliffs Sub from the Seller of evidence of sales lost as a result of the Insurance Event, Cliffs Sub and Parent shall use their commercially reasonable efforts to pursue or cause to be pursued any insurance claims of the Company outstanding as of the Effective Date for lost profits relating to business interruption in respect of the Insurance Event from each of the Insurers; provided, however, that the Seller shall reimburse Cliffs Sub and/or Parent and/or the Company, as applicable, for 100% of all reasonable out-of-pocket (including legal) costs or expenses incurred by Cliffs Sub and/or Parent and/or the Company in pursuing such insurance claims promptly upon the Seller's receipt of an invoice or invoices therefor.

(c) If, at any time following the Closing, the Company receives insurance proceeds for lost profits relating to business interruption in respect of the Insurance Event under the applicable insurance policies from the Insurers, Cliffs Sub and/or Parent shall promptly pay or cause to be paid to the Seller 100% of such insurance proceeds received by the Company.

5. ***Shortfall and Repurchase.***

(a) If, on the first to occur of (i) the effective date of the registration statement filed pursuant to the Registration Rights Agreement (the "***Shelf Registration Date***"), (ii) the date that the Seller may sell the Shares under Rule 144, or (iii) the date that the Seller requests the Legend be removed from the Shares under Section 7(d)(i), the value of the Shares (calculated by multiplying the number of Shares issued to the Seller under Section 2(b) by the closing price of Parent Common Stock on the New York Stock Exchange on the last trading day before such date) is less than the Stock Consideration Value (any such difference, being the "***Shortfall***"), then Cliffs Sub shall, at its election in its sole discretion: (A) pay or cause to be paid to the Seller, within two Business Days of such date, by wire transfer of immediately available funds, to an account designated by the Seller to Cliffs Sub, an amount in cash equal to the Shortfall; (B) cause Parent to issue and deliver or cause to be delivered to the Seller, within two Business Days of such date, that number of shares of Parent Common Stock given by dividing the Shortfall by the closing price of Parent Common Stock on the New York Stock Exchange on the last trading day before such date; or (C) cause to be paid to the Seller any combination of cash and shares of Parent Common Stock equal in value to the Shortfall; provided, however, that if any shares of Parent Common Stock proposed to be issued and delivered to the Seller pursuant to clause (B) or (C) of this Section 5(a) would not thereafter be immediately saleable or tradable by the Seller, then Cliffs Sub shall pay or cause to be paid to the Seller the Shortfall in cash pursuant to clause (A) of this Section 5(a).

(b) If the Shelf Registration Date has not occurred on or before October 6, 2008, then upon written notice to the Seller (the "***Call Exercise Notice***") at any time between October 6, 2008 and the earliest of (i) the Shelf Registration Date, (ii) January 11, 2009, or (iii) the date that the Seller requests the Legend be removed from the Shares under Section 7(d)(i), Parent shall have the option to require the Seller, subject to the terms and conditions set forth herein, to sell to Parent all, but not less than all, of the Shares (the "***Call Option***") for an aggregate amount in cash equal to the greater of: (A) the Stock Consideration Value; or (B) the value of the Shares as of the date of the Call Exercise Notice (calculated by multiplying the number of Shares issued to the Seller under Section 2(b) by the closing price of Parent Common Stock on the New York Stock Exchange on the last trading day before the date of the Call Exercise Notice) (the greater of (A) or (B), the "***Call Price***"). The Call Exercise Notice shall specify a closing date for settlement of the Call Option, which date (the "***Call Option Closing Date***") shall be not less than three (3) or more than ten (10) Business Days from the date of exercise. The exercise of the Call Option by Parent shall be irrevocable and shall be deemed to occur on the date on which the Call Exercise Notice is delivered to the Seller. On the Call Option Closing Date, (1) Parent shall pay or cause to be paid to the Seller, in cash, by wire transfer of immediately available funds, to an account designated by the Seller to Parent, an amount equal to the Call Price, and (2) (x) if the Shares are certificated and not in book-entry form, the Seller shall deliver the certificate(s) representing such Shares to Parent, accompanied by such certificate(s) duly endorsed for surrender, or (y) if the Shares are in book-entry form, the Seller shall instruct the transfer agent to transfer such Shares to Parent.

(c) If the Shelf Registration Date has not occurred on or before on January 11, 2009, and the Seller is not permitted to sell or trade the Shares under Rule 144, then upon written notice to Parent (the "***Put Exercise Notice***") at any time after January 11, 2009 until the earlier of (i) the Shelf Registration Date or (ii) the date that Seller is permitted to sell or trade the Shares under Rule 144, the Seller shall have the option to require Parent, subject to the terms and conditions set forth herein, to repurchase from the Seller all, but not less than all, of the Shares (the "***Put Option***") for an aggregate amount in cash equal to the greater of: (A) the Stock Consideration Value; or (B) the value of the Shares as of the date of the Put Exercise Notice (calculated by multiplying the number of Shares issued to the Seller under Section 2(b) by the closing price of the Parent Common Stock on the New York Stock Exchange on the last trading day before the date of the Put Exercise Notice) (the greater of (A) or (B), the "***Put Price***"). The Put Exercise Notice shall specify a closing date for settlement of the Put Option, which date (the "***Put Option Closing Date***") shall be not less than three (3) or more than ten (10) Business Days from the date of exercise. The exercise of the Put Option by the Seller shall be irrevocable and shall be deemed to occur on the date on which the Put Exercise Notice is delivered to Parent. On the Put Option Closing Date, (1) Parent shall pay or cause to be paid to the Seller, in cash, by wire transfer of immediately available funds, to an account designated by the Seller to Parent, an amount equal to the Put Price, and (2) (x) if the Shares are certificated and not in book-entry form, the Seller shall deliver the certificate(s) representing the Shares to Parent, accompanied by such certificate(s) duly endorsed for surrender or (y) if the Shares are in book-entry form, the Seller shall instruct the transfer agent to transfer such Shares to Parent.

6. ***The Closing; Deliveries***.

(a) The closing of the transactions contemplated hereby (the "***Closing***") will take place concurrently with the execution and delivery of this Agreement (the "***Closing Date***"). Legal title, equitable title and risk of loss with respect to the LLC Interest will be deemed transferred to or vested in Cliffs Sub, and the transactions contemplated by this Agreement will be deemed effective for all purposes, and the parties will treat the Closing as if it had occurred, as of 11:59 p.m. (Eastern Time) on June 30, 2008 (the "***Effective Date***"). All proceedings to be taken and all documents to be executed and delivered by all parties at the Closing will be deemed to have been taken and executed simultaneously and no proceedings will be deemed to have been taken nor documents executed or delivered until all have been taken, executed and delivered.

(b) At the Closing:

(i) The Seller is delivering to Cliffs Sub (A) a Membership Interest Power in the form attached hereto as Exhibit C, duly executed by the Seller in favor of Cliffs Sub, (B) a written resignation of the Laiwu Designee from all positions held by the Laiwu Designee at the Company, and (C) a certification of non-foreign status satisfying the requirements of Treasury Regulations (26 C.F.R.) § 1.1445-2(b)(2).

(ii) Cliffs Sub and/or Parent, as applicable, is delivering, or causing to be delivered, to the Seller (A) the Cash Consideration (less the amount required to be paid by the Seller under Section 2(d)) and each of the other amounts required to be paid under Sections 3(b), 3(c) and 3(d), by wire transfer of immediately available funds, to an account designated by the Seller to Cliffs Sub, and (B) (1) if the Shares to be issued pursuant to Section 2(b) will be represented by a stock certificate(s), such stock certificate(s) (or an undertaking that Parent's transfer agent will deliver such stock certificate(s) to the Seller as soon as reasonably practicable following the Closing) or (2) if the Shares to be issued pursuant to Section 2(b) will be issued in book-entry form, evidence that the Shares so issued have been credited to a book-entry account in the Seller's name (or an undertaking that such evidence will be delivered to the Seller as soon as reasonably practicable following the Closing).

(iii) Each of Cliffs Sub and the Seller is delivering, or causing the other parties thereto to deliver, as applicable, (A) duly executed counterparts of the agreements, in substantially the form attached hereto as Exhibit D, terminating each of the agreements set forth on Exhibit E attached hereto, and (B) duly executed counterparts of the agreements, in substantially the form attached hereto as Exhibit F, assigning to Cliffs Sub, and whereby Cliffs Sub agrees to perform, each of the obligations of the Seller under each of the agreements set forth on Exhibit G attached hereto.

(iv) Each of Parent and the Seller shall deliver duly executed counterparts to the Registration Rights Agreement, dated as of the Closing Date, in substantially the form attached hereto as Exhibit I (the "***Registration Rights Agreement***"), with respect to the registration of the Shares for resale.

(c) Effective as of the Closing, the Seller shall cease to be a member of the Company and Cliffs Sub shall become a member of the Company.

7. ***Restricted Securities***.

(a) The Seller has been advised and understands that the Shares have not been registered under the Securities Act of 1933, as amended (the "***Securities Act***"), or the securities or "Blue Sky" laws of any state, by reason of a specific exemption from the registration provisions of the Securities Act, which depends upon, among other things, the accuracy of the Seller's representations set forth in this Agreement and the Related Agreements. The Seller acknowledges and agrees that the Shares are "restricted securities" as defined in Rule 144 promulgated under the Securities Act, 17 C.F.R. §230.144 ("***Rule 144***"), and as such must be held subject to the holding period prescribed by subsection (d) of Rule 144, unless they are registered under the Securities Act and qualified by state authorities, or an exemption from such registration and qualification requirements is available.

(b) The Seller acknowledges and agrees that (i) the stock certificate(s) representing the Shares or (ii) the book-entry account in the Seller's name credited with the Shares, as applicable, will bear a legend ("***Legend***") in substantially the following form:

> **"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES OR 'BLUE SKY' LAWS OF ANY STATE. SUCH SECURITIES MAY NOT BE OFFERED, SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED, OR OTHERWISE ASSIGNED, EXCEPT PURSUANT TO (i) A REGISTRATION STATEMENT WITH RESPECT TO SUCH SECURITIES WHICH IS EFFECTIVE UNDER SUCH ACT, (ii) RULE 144 UNDER SUCH ACT, OR (iii) ANY OTHER EXEMPTION FROM REGISTRATION UNDER SUCH ACT."**

(c) The Seller acknowledges and agrees that the Shares are subject to the holding period prescribed by subsection (d) of Rule 144, and the Seller shall not sell, convey, transfer, assign or otherwise dispose of any of the Shares until (i) the expiration of such holding period and until all other applicable conditions set forth in Rule 144, if any, are satisfied, or (ii) the Shares are registered pursuant to the Registration Rights Agreement.

(d) (x) if the Shares are certificated, Parent will cause a new certificate(s) representing the Shares not imprinted with the Legend referenced in Section 7(b), to be issued to the Seller or its nominees or (y) if the Shares are in book-entry form, Parent will cause the Legend referenced in Section 7(b) to be removed from the book-entry account credited with the Shares, in each case: (i) upon expiration of the holding period prescribed by subsection (d) of Rule 144 promptly following receipt of a written request from the Seller for removal of the Legend from some or all of the Seller's certificate(s) or book-entry account referenced in Section 7(b); provided, (A) the Seller is not then (or has not been during the three months prior to that date) an "affiliate" (as defined in subsection (a) of Rule 144) of Parent and (B) such request is accompanied by: (I) either (1) a written opinion satisfactory to Parent from counsel reasonably satisfactory to Parent that the Shares (either in book-entry form or represented by a stock certificate(s)) may thereafter be freely transferred under applicable U.S. federal and state securities laws, rules and regulations or (2) such other evidence as Parent may require in Parent's reasonable judgment to enable Parent to determine that removal of such Legend from such certificate(s) or book-entry account, as applicable, would not conflict with or be inconsistent with any U.S. federal and state securities laws, rules and regulations, and (II) in the case the Shares are represented by a stock certificate(s) and not in book-entry-form, the original stock certificate(s) duly endorsed for surrender; or (ii) in accordance with the terms of the Registration Rights Agreement.

8. ***Representations and Warranties of the Seller and Laiwu Parent*** The Seller and Laiwu Parent jointly and severally represent and warrant to each of Cliffs Sub and Parent as follows:

(a) Each of the Seller and Laiwu Parent is a corporation duly formed and validly existing under the laws of the jurisdiction of its incorporation. Each of the Seller and Laiwu Parent has the full corporate power and authority to execute and deliver (i) this Agreement and (ii) all of the agreements and instruments to be delivered hereunder (collectively, the "***Related Agreements***") to which it is a party, and to perform all of its obligations hereunder and thereunder.

(b) The execution, delivery and performance of this Agreement and the Related Agreements by each of the Seller and Laiwu Parent have been duly and validly authorized by all necessary corporate action and authority. This Agreement is the valid and binding obligation of each of the Seller and Laiwu Parent, enforceable against each of them in accordance with its terms. When executed and delivered in accordance with this Agreement, each of the Related Agreements to be executed and delivered by the Seller and Laiwu Parent will be the valid and binding obligation of each such party enforceable against the Seller or Laiwu Parent, as applicable, in accordance with its respective terms.

(c) None of the execution, delivery or performance of the Seller's or Laiwu Parent's obligations contained in this Agreement or any of the Related Agreements conflicts with, violates, breaches or causes any default under, or will with the passage of time and/or the giving of notice conflict with, violate, breach or cause a default under (i) the articles of incorporation or bylaws (or similar organizational documents) of the Seller or Laiwu Parent, (ii) any law, rule, regulation or order of any Governmental Entity to which the Seller or Laiwu Parent or any of their respective properties are subject, or (iii) any agreement to which the Seller or Laiwu Parent is a party, by which either of them or any of their respective properties are bound or to which either of them or any of their respective properties are subject. Except as otherwise provided herein and other than in connection with the termination of the agreements set forth in Exhibit E and the assignment of the agreements set forth in Exhibit G, no notice to, waiver from, or approval or consent of, any Person is required to be obtained by the Seller or Laiwu Parent for the authorization of this Agreement or the Related Agreements or the consummation by the Seller and Laiwu Parent of the transactions contemplated by this Agreement or the Related Agreements.

(d) The Seller owns good title to the entire LLC Interest, free and clear of all Liens, and the Seller has the absolute sole right to sell the LLC Interest to Cliffs Sub in accordance with the terms hereof. At the Closing, Cliffs Sub will obtain legal and equitable title to the LLC Interest, free and clear of any Liens.

(e) The Seller: (i) is, as at the Closing Date, an "accredited investor" as defined in Rule 501 of Regulation D promulgated under the Securities Act; (ii) is acquiring the Shares for its own account for investment only, and not with a view to the distribution or resale thereof or with any present intention of or view to distributing or selling any of the Shares; provided, however, that, subject to the terms and conditions of this Agreement, by making this representation, the Seller does not otherwise agree to hold any of the Shares for any minimum or other specific term and reserves the right to dispose of the Shares pursuant to a registration statement or exemption from registration under the Securities Act; (iii) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its investment in the Shares; (iv) by reason of its, or of its management's, business or financial experience, has the capacity to protect its own interests in connection with its investment in the Shares and can bear the economic risk of losing its entire investment in the Shares; (v) is not acquiring the Shares as a result of any general solicitation or general advertising; and (vi) has been afforded the opportunity to ask questions of and receive answers from the representatives of Parent regarding the terms and conditions of the investment in the Shares and has obtained such additional information as necessary. The office of the Seller in which its investment decision was made is located at 14728 Pipeline Avenue, Suite A, Chino Hills, California 91709.

(f) The sale of the LLC Interest to Cliffs Sub hereunder constitutes a transfer by the Seller to Cliffs Sub of all or substantially all of the Seller's iron ore business, within the meaning of Section 19(a) of the US Steel Exchange Agreement.

(g) Except for the representations and warranties set forth in this Agreement, none of the Seller, Laiwu Parent, or their respective officers, directors, employees, representatives, agents and Affiliates, makes any representation or warranty, express or implied, at common law or in equity, with respect to the Seller, Laiwu Parent, the Company, the LLC Interest, any of the assets or liabilities of either the Seller or the Company, or with respect to any other information provided to Cliffs Sub or Parent or any of their Affiliates.

9 . ***Representations and Warranties of Cliffs Sub and Parent***. Cliffs Sub and Parent jointly and severally represent and warrant to the Seller and Laiwu Parent as follows:

(a) Cliffs Sub is a limited liability company and Parent is a corporation, in each case duly formed and validly existing under the laws of the jurisdiction of its formation or incorporation, as applicable. Cliffs Sub, Parent and each of their Affiliates (each a "***Cliffs Entity***" and together the "***Cliffs Entities***") have full power and authority to execute and deliver (i) this Agreement and (ii) each of the Related Agreements to which it is a party, and to perform all of its obligations hereunder and thereunder.

(b) The execution, delivery and performance by each Cliffs Entity of this Agreement and each of the Related Agreements to which it is or will be a party have been duly and validly authorized by all necessary action and authority. This Agreement is the valid and binding obligation of each of Cliffs Sub and Parent, enforceable against each of them in accordance with its terms. When executed and delivered in accordance with this Agreement, each of the Related Agreements to be executed and delivered by each Cliffs Entity will be the valid and binding obligation of such party, enforceable against it in accordance with the respective terms of such Related Agreement.

(c) None of the execution, delivery or performance of any Cliffs Entity's obligations contained in this Agreement or any of the Related Agreements, to which it is or will be a party, conflicts with, violates, breaches or causes any default under, or will with the passage of time and/or the giving of notice conflict with, violate, breach or cause a default under (i) the respective certificates of incorporation, bylaws or other similar organizational documents of any Cliffs Entity, (ii) any law, rule, regulation or order of any Governmental Entity to which any Cliffs Entity, or any of their respective properties, are subject, or (iii) any agreement to which any Cliffs Entity is a party, by which any Cliffs Entity, or any of their respective properties, are bound, or to which any Cliffs Entity, or any of their respective properties, are subject. Except as otherwise provided herein and other than in connection with the termination of the agreements set forth in Exhibit E and the assignment of the agreements set forth in Exhibit G, no notice to, or waiver from, or approval or consent of, any Person is required to be obtained by any Cliffs Entity for the authorization of this Agreement or the Related Agreements or the consummation by any Cliffs Entity of the transactions contemplated by this Agreement or the Related Agreements.

(d) Provided all of the Seller's representations and warranties contained in this Agreement are true and correct, the Shares (including any shares of Parent Common Stock issued pursuant to Section 5), when issued, will be duly authorized, validly issued, fully paid and non-assessable.

(e) Except for the representations and warranties set forth in this Agreement, none of Parent, Cliffs Sub, or their respective officers, directors, members, managers, employees, representatives, agents and Affiliates, makes any representation or warranty, express or implied, at common law or in equity, with respect to Parent, Cliffs Sub, the Company, any of the assets or liabilities of Parent, Cliffs Sub or the Company, or with respect to any other information provided to the Seller or Laiwu Parent.

10. ***Indemnification***.

(a) The representations and warranties contained in this Agreement shall survive the Closing for a period of 24 months after the Closing other than the representations and warranties contained in Section 8(f) which shall survive until December 31, 2012.

(b) Subject to Section 10(c), Section 10(d) and Section 11, the Seller shall indemnify, defend and hold harmless Cliffs Sub and its officers, directors, members, managers, employees, representatives, agents and Affiliates from and against any and all losses (including, without limitation, loss in value and lost profits if so awarded by a court of competent jurisdiction, arbitrator, tribunal or other competent authority or if so agreed to in writing by the Seller and Cliffs Sub), liabilities, claims, damages (including, without limitation, incidental or consequential damages if so awarded by a court of competent jurisdiction, arbitrator, tribunal or other competent authority or if so agreed to in writing by the Seller and Cliffs Sub), deficiencies, penalties, fines, judgments, awards, settlements, payments, taxes, costs, fees, expenses (including, without limitation, reasonable attorneys' fees) and disbursements (collectively "***Losses***") incurred or sustained by any of such Persons based upon, arising out of or otherwise in respect of (i) any inaccuracy or breach by the Seller of the representations and warranties contained in Section 8(f) and (ii) any claim, lawsuit, proceeding, challenge, complaint or cause of action initiated or threatened by or on behalf of US Steel Canada, Inc. (f/k/a Stelco Inc., a Canadian corporation, "***US Steel Canada***") solely with respect to the assignment by the Seller to Cliffs Sub in connection with the transactions contemplated hereby of that certain Pellet Exchange Agreement, dated and effective as of December 1, 2003, by and between US Steel Canada and the Seller (the "***US Steel Exchange Agreement***"). In connection with any claim by Cliffs Sub for Losses pursuant to the preceding sentence, Cliffs Sub may, subject to the amount of such Losses being fully and finally determined by a court of competent jurisdiction, arbitrator, tribunal or other competent authority or agreed to in writing by the Seller and Cliffs Sub, recover any such Losses, at its option, by setting off such Losses (or any portions thereof) against any amounts due or to become due from Cliffs Sub to the Seller or its designees under this Agreement; *provided however*, that Cliffs Sub shall not be entitled to set off any Losses suffered or incurred by it against any Wabush Pellets required to be delivered hereunder.

(c) Cliffs Sub shall, in respect of any Losses incurred or sustained by it, its officers, directors, members, managers, employees, representatives, agents and Affiliates, based upon, arising out of or otherwise in respect of those matters set forth in Section 10(b)(i) or Section 10(b)(ii), use commercially reasonable efforts to mitigate any such Loss, including, without limitation, selling any iron ore pellets to be delivered under the US Steel Exchange Agreement on the open and/or spot market, and/or shipping such iron ore pellets to Pointe Noire, Quebec. In the event Cliffs Sub shall fail to make such commercially reasonable efforts to mitigate any such Loss, then notwithstanding anything else to the contrary contained herein, the Seller shall not be required to indemnify any Person for any Losses that could reasonably be expected to have been avoided if Cliffs Sub had made such efforts.

(d) No claim for indemnification under Section 10(b) may be asserted unless (i) such claim is asserted in writing and is received by the Seller on or before December 31, 2012 and (ii) such claim is made in respect of Losses incurred prior to December 31, 2012; *provided, however,* that if, on or prior to December 31, 2012, a notice of claim has been given to the Seller for indemnification under Section 10(b), and that claim has not been satisfied or resolved, the indemnified party will continue to have a right to be indemnified with respect to such claim until such claim has been satisfied or otherwise fully resolved.

(e) Subject to Section 11, Cliffs Sub and Parent shall indemnify, defend and hold harmless the Seller, Laiwu Parent, and their respective officers, directors, employees, representatives, agents and Affiliates from and against any and all costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, suffered or incurred by them and arising out of or pertaining to the operations of the Company or its business.

11. ***Limitation of Liability***. The liability of Laiwu Parent and the Seller in respect of any claim, action, suit or proceeding arising out of or in connection with Section 10(b) is limited to $50,000,000 in the aggregate. Notwithstanding anything in this Agreement to the contrary, except to the extent resulting from an action brought by a third party against a party to this Agreement entitled to indemnification hereunder and except to the extent awarded by a court of competent jurisdiction, arbitrator, tribunal or other competent authority, no party to this Agreement shall be liable to any other party in respect of punitive, exemplary or similar damages suffered by that party arising out of or in connection with a breach of this Agreement or any Related Agreement.

12. ***Step-In Obligations of the Seller***. Anything in this Agreement or any Related Agreement to the contrary notwithstanding, this Agreement and any Related Agreement shall not constitute an agreement to assign any written agreement, contract, commitment, instrument, undertaking, lease, note, mortgage, indenture, sales or purchase order, license or binding agreement (collectively the ***"Contracts"***) from the Seller to Cliffs Sub if an attempted assignment thereof, without the consent of any Person (other than the parties hereto), would constitute a breach of, or in any way adversely affect the rights of the Seller or Cliffs Sub with respect to, such Contract (such Contract, a ***"Nonassignable Contract"***). If the consent of any Person (other than the parties hereto) is required for the Seller to assign the benefit of any Contract to Cliffs Sub, the Seller shall use its reasonable best efforts at its sole cost and expense, and Cliffs Sub shall cooperate in all reasonable respects with the Seller, to obtain such consent as soon as reasonably practicable upon becoming aware that such consent is required and otherwise take all actions as may be reasonably necessary to assign to Cliffs Sub such Contract. In addition, the Seller will, upon becoming aware that such consent is required, at its sole cost and expense and at the request and under the direction of Cliffs Sub, use its reasonable best efforts to (a) provide Cliffs Sub with the benefits of and to preserve for the benefit of Cliffs Sub the rights of the Seller under the Nonassignable Contract, (b) facilitate receipt of the consideration to be received by the Seller in and under the Nonassignable Contract, which consideration shall be held for the benefit of, and shall promptly be delivered to, Cliffs Sub (net of any amounts required to be deducted from such consideration by law), and (c) enforce at the request of Cliffs Sub (at Cliffs Sub's sole cost and expense) and for the account of Cliffs Sub any rights of the Seller arising from the Nonassignable Contract. Cliffs Sub will take all actions as are reasonably necessary to enable the Seller to perform its obligations under the Nonassignable Contracts in accordance with the terms thereof.

13. ***Non-Delivery of Wabush Pellets.***

(a) As soon as practicable on becoming aware that it is or may be unable to deliver any Wabush Pellets hereunder, and in any event not less than 20 Business Days prior to the date of delivery of such Wabush Pellets, Cliffs Sub will notify Laiwu Parent (with copy to the Seller) in writing stating that it is or may be unable to deliver some or all of the Wabush Pellets, which notice must specify (i) the date on which such Wabush Pellets are required to be delivered, (ii) the estimated tonnage of Wabush Pellets which Cliffs Sub is or may be unable to deliver, (iii) the reasons for non-delivery, and (iv) the expected date that such Wabush Pellets will be delivered.

(b) If, in respect of any particular delivery of Wabush Pellets, that delivery is delayed as a result of force majeure, and the force majeure continues such that particular delivery of Wabush Pellets is not made in full on or before the date 3 months after the date such Wabush Pellets were first required to be delivered hereunder (the "***Cut-Off Date***"), then Cliffs Sub must pay or cause to be paid to Laiwu Parent or its designee on the Cut-Off Date the then current ECPP (as defined in Item 2 of Section A of Exhibit B) for each ton of Wabush Pellets required to be delivered as part of that particular delivery and which have not been delivered in lieu of delivering such Wabush Pellets.

(c) If, as of September 30, 2009, any Wabush Pellets required to be delivered under this Agreement have not been yet delivered other than as a result of force majeure, Laiwu Parent shall have the right, by written notice to Cliffs Sub, to (i) extend the date by which all such Wabush Pellets must be delivered to December 31, 2009, or (ii) require that Cliffs Sub pay or cause to be paid to Laiwu Parent or its designee, in lieu of delivering such Wabush Pellets, an amount equal to the then current ECPP (as defined in Item 2 of Section A of Exhibit B) for each ton of Wabush Pellets not delivered. If Laiwu Parent elects to extend the date under clause (i) of the preceding sentence and, as of December 31, 2009, any such Wabush Pellets still have not been delivered, then Cliffs Sub must, on or before January 5, 2010, pay or cause to be paid to Laiwu Parent in lieu of delivering such Wabush Pellets an amount equal to (x) the then current ECPP (as defined in Item 2 of Section A of Exhibit B) for each of the first 150,000 tons of Wabush Pellets not so delivered by December 31, 2009, plus (y) 120% of the then current ECPP (as defined in Item 2 of Section A of Exhibit B) for each ton of Wabush Pellets not so delivered by December 31, 2009, in excess of 150,000 tons.

14. ***Notices.*** All notices, consents, and other documents authorized or required to be given pursuant to this Agreement or any Related Agreement shall be given in writing and either personally served on an officer of the party to whom it is given or mailed by registered or certified first class mail, postage prepaid, or sent by facsimile, in each case, addressed as follows:

If to Cliffs Sub, to:	Cliffs UTAC Holding LLC c/o Cleveland-Cliffs Inc Attention: Secretary 1100 Superior Avenue, Suite 1500 Cleveland, Ohio 44114-2589 Fax No.: (216) 694-6741
If to Parent, to:	Cleveland-Cliffs Inc Attention: Secretary 1100 Superior Avenue, Suite 1500 Cleveland, Ohio 44114-2589 Fax No.: (216) 694-6741

If to the Seller, to:	United Mining Co., Ltd. Attention: President 14728 Pipeline Avenue, Suite A Chino Hills, California 91709 Fax No.: (626) 628 3029
With copy to (which copy shall not constitute notice):	Latham & Watkins LLP Attention: Raymond Lin and David Schwartzbaum 885 Third Avenue New York, New York 10022-4834 Fax No.: (212) 751 4864
If to Laiwu Parent, to:	Laiwu Steel Group Ltd. c/o Eldon Development Limited Attention: Managing Director 42/F, Office Tower, Convention Plaza 1 Harbour Road Wanchai, Hong Kong Fax No.: (852) 2802-8623
With copy to (which copy shall not constitute notice):	Latham & Watkins LLP Attention: Raymond Lin and David Schwartzbaum 885 Third Avenue New York, New York 10022-4834 Fax No.: (212) 751 4864

Notices, consents and other documents shall be deemed given or served or submitted when delivered or, if mailed by registered or certified first class mail, on the third day after the day of mailing, or if sent by facsimile, upon receipt of confirmation of successful transmission. A party may change its address or facsimile number for the receipt of notices, consents and other documents at any time by giving notice thereof to the other party. Any notice, consent or other document given hereunder may be signed on behalf of any party by any duly authorized representative of that party.

15. ***Governing Law; Jurisdiction***.

(a) This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware, without regard to conflicts of laws principles (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware, and the rights and remedies of the parties hereunder shall be determined in accordance with such laws.

(b) In connection with any action or proceeding arising out of or relating to this Agreement or any of the Related Agreements, each of the parties hereto submits to the jurisdiction of the Delaware Chancery Court, and any action or proceeding shall be conducted only in the Delaware Chancery Court. Each of the parties hereto waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought. Each party agrees that a final judgment in any action or proceeding so brought shall be conclusive and may be enforced by suit on the judgment in any other manner provided by law or at equity.

16. ***Release.***

(a) Each of Laiwu Parent and the Seller, effective upon the Closing, hereby fully, finally, and forever releases, discharges, and covenants not to sue and otherwise agrees not to enforce any claim, cause of action, right, title, or interest against Cliffs Sub, Parent, the Company, and each of their respective directors, officers, managers, employees, agents, and Affiliates, and their respective predecessors, successors and assigns (collectively, the "***Cliffs Released Persons***"), of, from, and with respect to any and all claims, counterclaims, debts, covenants, agreements, obligations, liabilities, actions, or demands of any kind or character, based upon any fact or circumstance whether known or unknown, suspected or unsuspected, which presently exists or has ever existed in the past and that relate to any matter or thing done, omitted or suffered to be done by any one or more of the Cliffs Released Persons prior to the Closing Date ("***Cliffs Actions***"), that the Seller and Laiwu Parent has or may have in any manner whatsoever, either singly or jointly with others, against any of the Cliffs Released Persons (other than Cliffs Actions for breach of this Agreement or any Related Agreement).

(b) Each of Parent and Cliffs Sub, effective upon the Closing, hereby fully, finally, and forever releases, discharges, and covenants not to sue and otherwise agrees not to enforce any claim, cause of action, right, title, or interest against the Seller, Laiwu Parent, and each of their respective directors, officers, managers, employees, agents, and Affiliates, and their respective predecessors, successors and assigns (collectively, the "***Laiwu Released Persons***"), of, from, and with respect to any and all claims, counterclaims, debts, covenants, agreements, obligations, liabilities, actions, or demands of any kind or character, based upon any fact or circumstance whether known or unknown, suspected or unsuspected, which presently exists or has ever existed in the past and that relate to any matter or thing done, omitted or suffered to be done by any one or more of the Laiwu Released Persons prior to the Closing Date ("***Laiwu Actions***"), that Parent and Cliffs Sub has or may have in any manner whatsoever, either singly or jointly with others, against any of the Laiwu Released Persons (other than Laiwu Actions for breach of this Agreement or any Related Agreement).

(c) Parent agrees to cause each of its Affiliates, effective upon the Closing, to fully and finally and forever release, discharge and covenant not to sue and otherwise agree not to enforce any claim, cause of action, right, title or interest against the Laiwu Released Persons of, from, and with respect to any Laiwu Actions that such Affiliate has or may have in any manner whatsoever, either solely, jointly or with others, against any of the Laiwu Released Persons (other than Laiwu Actions for breach of this Agreement or any Related Agreement).

17. ***Confidentiality***.

(a) Subject to Section 17(c), from and after the Closing, the Seller will keep in strict confidence, and will not, and will cause its Affiliates, employees and representatives to not, directly or indirectly, at any time, disclose, furnish, disseminate, make available or use, any trade secrets or confidential business or technical information relating to the Company, Cliffs Sub, Parent or any of their respective Affiliates, or belonging to any of the respective customers or vendors of the Company, without limitation as to when or how the Seller may have acquired such information.

(b) Subject to Section 17(c), from and after the Closing, Parent and Cliffs Sub will keep in strict confidence, and will not, and will cause their respective Affiliates, employees and representatives to not, directly or indirectly, at any time, disclose, furnish, disseminate, make available or use, any trade secrets or confidential business or technical information relating to Laiwu Parent and the Seller.

(c) The restrictions in Section 17(a) and Section 17(b) shall not apply with respect to information: (i) that is now, or subsequently becomes, publicly available other than as the result of an unauthorized disclosure by any party hereto or any of their Affiliates; (ii) that is received by a party or any of its Affiliates from a third party after the Closing, if such third party has legitimate possession of such information and is not under any obligation to keep such information confidential; or (iii) that is independently developed by any party hereto or any of its Affiliates without utilizing any confidential or proprietary information of the Company or any of its Affiliates.

18. ***Directors and Officers Indemnification.***

(a) From and after the Closing, Cliffs Sub will cause the Company to continue to indemnify and hold harmless each present and former Laiwu Designee against any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of or pertaining to matters relating to the Company and existing or occurring at or prior to the Closing, whether asserted or claimed prior to, at or after the Closing, to the fullest extent that the Company would have been permitted under applicable law and its charter or by-laws or other organizational documents in effect on the date of this Agreement to indemnify such person (including the advancing of expenses as incurred to the fullest extent permitted under applicable law), provided the person to whom such expenses are advanced provides an undertaking to the Company to repay such advances if it is ultimately determined that such person is not entitled to indemnification; provided, further, that any determination required to be made with respect to whether a director's conduct complies with the standards set forth under applicable law and the charter and by-laws or other organizational documents of the Company shall be made by independent counsel mutually acceptable to the Seller and Cliffs Sub.

(b) For six (6) years from the Closing, Parent shall, or shall cause the Company to, maintain in effect directors' and officers' liability insurance covering each present and former Laiwu Designee, on terms not materially less favorable than the terms of such current insurance coverage; provided, however, that if any claim is asserted or made within such six-year period, such insurance shall be continued in respect of such claim until the final disposition thereof.

19. ***Certain Interpretive Matters; Definitions***.

(a) Unless the context requires otherwise, (i) all references to Sections or Exhibits are to Sections and Exhibits of or to this Agreement, (ii) for purposes of this Agreement (including the Exhibits), each term defined in this Agreement (including the Exhibits) has the meaning assigned to it, (iii) terms defined in the singular include the plural and vice versa, (iv) all reference to $ or dollar amounts will be to lawful currency of the United States, (v) the words "***herein***," "***hereby***," "***hereof***," "***hereunder***," and other words of similar import refer to this Agreement as a whole and not to any particular Section or other subdivision, and (vi) the term "***including***" means "***including without limitation***."

(b) Except as otherwise specified or as the context may otherwise require, in addition to the capitalized terms defined elsewhere herein, the following terms shall have the respective meanings set forth below whenever used in this Agreement or any Exhibit:

"***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, such Person. For purposes of this definition, "***control***" (including, with correlative meanings, the terms "***controlled by***" and "***under common control with***"), as used with respect to any Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"***Business Day***" means a day, other than a Saturday or Sunday, on which banks in Wilmington, Delaware are open for the general transaction of business.

"***Governmental Entity***" means any government or governmental, statutory or regulatory entity, body thereof, or political subdivision thereof, whether federal, state, local or foreign, or any agency, instrumentality or authority thereof, or any court.

"***Insurance Event***" means that certain electrical explosion and fire incident that occurred at the Company on October 12, 2006.

"***Lien***" means any mortgage, lien (statutory or other), pledge, assignment, deed of trust, hypothecation, adverse claim, charge, option, right of first refusal, preemptive right, security interest, or other encumbrance of any kind or nature, or any interest or title of any vendor, lessor, lender or other secured party under any conditional sale, capital lease, trust receipt or other title retention agreement.

"***Permits***" means all permits, clearances, licenses, approvals, franchises, registrations and any other authorizations of any Governmental Entity.

"***Person***" means any natural person, corporation, partnership, limited liability company, proprietorship, joint stock company, joint venture, trust, union, association, organization, Governmental Entity or other entity or business organization.

20. ***Miscellaneous***.

(a) Specific Performance; Cumulative Remedies. The parties hereto acknowledge that money damages may not be an adequate remedy for violations of this Agreement and that any party, in addition to any other rights and remedies which the parties may have hereunder or at law or in equity, may, at its sole discretion, apply to a court of competent jurisdiction for specific performance or injunction or such other relief as a court may deem just and proper in order to enforce this Agreement or prevent any violation hereof and, to the extent permitted by applicable law, each party waives any objection that a remedy in money damages would be adequate if such a claim for specific performance or injunction is brought. All rights, powers and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise or beginning of the exercise of any thereof by any party shall not preclude the simultaneous or later exercise of any other such rights, powers or remedies by such party.

(b) Entire Agreement. This Agreement (including the Exhibits), together with the Related Agreements, constitutes the entire agreement between the parties with respect to the subject matter hereof and thereof and supersedes all prior agreements and understandings among the parties with respect to the subject matter hereof and thereof.

(c) Waivers. No waiver of any breach of any of the terms of this Agreement shall be effective unless such waiver is in writing and signed by the party against whom such waiver is claimed. No waiver of any breach shall be deemed to be a waiver of any other or subsequent breach.

(d) Limitation on Rights of Others. No Person other than a party to this Agreement shall have any legal or equitable right, remedy or claim under or in respect of this Agreement.

(e) Modification. No change or modification of this Agreement shall be of any force unless such change or modification is in writing and has been signed by all parties.

(f) Severability. Any provision of this Agreement prohibited by any applicable law of any jurisdiction shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however the conflicting provisions of any such law may be waived, the parties hereby waive them to the fullest extent permitted by law.

(g) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart of each party.

(h) Successors and Assigns. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned by any of the parties to this Agreement (whether by operation of law or otherwise) without the prior written consent of the other parties, except that Cliffs Sub and/or Parent may, in their sole discretion, (i) assign any or all of their respective rights, interests and obligations under this Agreement to any of their respective Affiliates and/or (ii) designate one or more of their respective Affiliates to perform their respective obligations under this Agreement (but any such designation shall not relieve or excuse Cliffs Sub and/or Parent from any liability in respect of the performance of such obligations hereunder). Any attempted assignment in violation of this Section 20(h) shall be void. Subject to the preceding sentence, this Agreement shall be binding upon and inure to the benefit of the parties to this Agreement and their respective successors and permitted assigns.

(i) No Public Announcements. The parties to this Agreement will not, and will cause their respective Affiliates not to, issue any press release or otherwise disclose or make any public statement with respect to the transactions contemplated hereby without the prior written or oral consent of any officer of the other party, except to the extent that the disclosing party determines in good faith that it or its Affiliate is so obligated by law, regulation or rule of any securities exchange, in which case such disclosing party shall give notice to the other party in advance of such party's intent to make such disclosure, announcement or issue such press release, and the parties to this Agreement or their Affiliates shall use reasonable efforts to cause a mutually agreeable release or disclosure or announcement to be issued.

21. ***Laiwu Parent Guaranty***.

(a) For value received, the sufficiency of which is hereby acknowledged, Laiwu Parent does, subject at all times to Section 11, hereby unconditionally and absolutely guarantee, as a primary obligor and not merely as a surety, to Cliffs Sub the full and prompt payment and performance by the Seller of its indemnification obligations in Section 10(b) (collectively, the "***Laiwu Obligations***"). This is a present and continuing guaranty of payment and performance of the Laiwu Obligations and not of collection.

(b) Laiwu Parent waives presentment, demand, notice of dishonor, protest, notice of protest, nonpayment or default to the Seller or Laiwu Parent, and all other notices to which Laiwu Parent may otherwise be entitled, other than notices to which the Seller is entitled pursuant to this Agreement or the Related Agreements. Laiwu Parent hereby waives all surety defenses, except indefeasible payment and performance in full.

(c) The liability of Laiwu Parent hereunder shall be direct and immediate and not conditional or contingent upon the pursuit of any remedies against the Seller or any other Person. Laiwu Parent irrevocably waives any and all rights to require that an action be brought against the Seller or any other Person prior to action against Laiwu Parent hereunder. If the Laiwu Obligations are partially performed through the election of Cliffs Sub to pursue any of the remedies mentioned herein or if any Laiwu Obligation is otherwise partially performed, Laiwu Parent shall remain unconditionally and absolutely liable for the entire unperformed amount of any such Laiwu Obligations.

(d) The obligations of Laiwu Parent under this Agreement shall remain in full force and effect without regard to, and shall not be released, discharged or in any way modified or otherwise affected by, any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, dissolution, liquidation or similar proceeding with respect to the Seller or the properties or the creditors of the Seller, or any action taken by any trustee or receiver or by any court in any such proceeding. Laiwu Parent agrees to pay Cliffs Sub's reasonable attorneys' fees incurred in successfully enforcing its rights under the guaranty set forth in this Section 21. Laiwu Parent agrees that, if at any time all or any part of the payments theretofore applied by Cliffs Sub from the Seller to any Laiwu Obligation is rescinded or Cliffs Sub is required to pay any amount thereof to any party due to the insolvency, bankruptcy, liquidation or reorganization of the Seller or the determination that such payment by the Seller is held to constitute a preference under the bankruptcy laws, such Laiwu Obligation and/or Laiwu Parent's liability hereunder shall, for the purposes of the guaranty set forth in this Section 21, be deemed to have been continued in existence to the extent of such payment, and the guaranty set forth in thisSection 21 shall continue to be effective or reinstated, as the case may be, as though such application by Cliffs Sub had not been made and Laiwu Parent agrees to pay any such amount to Cliffs Sub upon demand therefor.

(e) Except for any settlement or compromise of the Laiwu Obligations voluntarily entered into by Cliffs Sub, this is a continuing guaranty until all Laiwu Obligations have been extinguished, and Laiwu Parent agrees, subject to the foregoing exception, that the obligations, covenants and agreements of Laiwu Parent herein shall not be discharged, affected or impaired by any act, event or condition other than full performance and indefeasible payment in full of the Laiwu Obligations. Laiwu Parent expressly waives any rights to setoff or subrogation. The provisions of this Section 21 shall be binding upon Laiwu Parent and its successors and permitted assigns, and shall inure to the benefit of Cliffs Sub and its successors and permitted assigns.

22. ***Parent Guaranty.***

(a) For value received, the sufficiency of which is hereby acknowledged, Parent does hereby unconditionally and absolutely guarantee, as a primary obligor and not merely as a surety, to the Seller the full and prompt payment and performance by Cliffs Sub and each of its Affiliates of each and every covenant, agreement and obligation (including, without limitation, indemnification obligations) of Cliffs Sub and each of its Affiliates set forth in this Agreement and Related Agreements (such covenants and agreements in this Agreement and the Related Agreements, collectively, the "***Parent Obligations***"). This is a present and continuing guaranty of payment and performance of the Cliffs Obligations and not of collection.

(b) Parent waives presentment, demand, notice of dishonor, protest, notice of protest, nonpayment or default to Cliffs Sub, its Affiliates, or Parent, and all other notices to which Parent may otherwise be entitled, other than notices to which Cliffs Sub or its Affiliates is entitled pursuant to this Agreement or the Related Agreements. Parent hereby waives all surety defenses, except indefeasible payment and performance in full.

(c) The liability of Parent hereunder shall be direct and immediate and not conditional or contingent upon the pursuit of any remedies against Cliffs Sub, any of its Affiliates, or any other Person. Parent irrevocably waives any and all rights to require that an action be brought against Cliffs Sub, any of its Affiliates, or any other Person prior to action against Parent hereunder. If the Parent Obligations are partially performed through the election of the Seller to pursue any of the remedies mentioned herein or if any Parent Obligation is otherwise partially performed, Parent shall remain unconditionally and absolutely liable for the entire unperformed amount of any such Parent Obligations.

(d) The obligations of Parent under this Agreement shall remain in full force and effect without regard to, and shall not be released, discharged or in any way modified or otherwise affected by, any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, dissolution, liquidation or similar proceeding with respect to Cliffs Sub, any of its Affiliates, or the properties or the creditors of Cliffs Sub or any of its Affiliates, or any action taken by any trustee or receiver or by any court in any such proceeding. Parent agrees to pay the Seller's reasonable attorneys' fees incurred in successfully enforcing its rights under the guaranty set forth in this Section 22. Parent agrees that, if at any time all or any part of the payments theretofore applied by the Seller from Cliffs Sub or any of its Affiliates, to any Parent Obligation is rescinded or the Seller is required to pay any amount thereof to any party due to the insolvency, bankruptcy, liquidation or reorganization of the Seller or the determination that such payment by the Seller is held to constitute a preference under the bankruptcy laws, such Parent Obligation and/or Parent's liability hereunder shall, for the purposes of the guaranty set forth in this Section 22 be deemed to have been continued in existence to the extent of such payment, and the guaranty set forth in this Section 22 shall continue to be effective or reinstated, as the case may be, as though such application by the Seller had not been made and Parent agrees to pay any such amount to the Seller upon demand therefor.

(e) Except for any settlement or compromise of the Parent Obligations voluntarily entered into by the Seller, this is a continuing guaranty until all Parent Obligations have been extinguished, and Parent agrees, subject to the foregoing exception, that the obligations, covenants and agreements of Parent herein shall not be discharged, affected or impaired by any act, event or condition other than full performance and indefeasible payment in full of the Parent Obligations. Parent expressly waives any rights to setoff or subrogation. The provisions of this Section 22 shall be binding upon Parent and its successors and permitted assigns, and shall inure to the benefit of the Seller and its successors and permitted assigns.

23. ***Access to Information***.

(a) From and after the Closing, Cliffs Sub shall make or cause to be made available to the Seller all books, records, Tax Returns and documents of the Company (and the assistance of employees responsible for such books, records and documents) during regular business hours as may be reasonably necessary for (i) investigating, settling, preparing for the defense or prosecution of, defending or prosecuting any Action, (ii) preparing reports to stockholders and Government Entities or (iii) such other purposes for which access to such documents is believed by the Seller to be reasonably necessary, including preparing and delivering any Tax Returns or responding to or disputing any Tax audit; provided, however, that access to such books, records, documents and employees will not interfere with the normal operations of the Company and the reasonable out-of-pocket expenses of the Company incurred in connection with complying with this Section 23 will be paid by the Seller. Cliffs Sub will cause the Company to maintain and preserve all such Tax Returns, books, records and other documents for the greater of (A) seven years after the Effective Date or (B) any applicable statutory or regulatory retention period, as the same may be extended and, in each case, shall offer to transfer such records to the Seller at the end of any such period.

(b) For the purposes of this Section 23: "Action" means any action, suit or proceeding by or before any court or other Governmental Entity (excluding any action, suit or proceeding between Cliffs Sub or any of its Affiliates, on the one hand, and the Seller or any of its Affiliates, on the other hand (including any action, suit or proceeding relating to this Agreement or any Related Agreement)); "Tax" means any federal, state, local, or foreign tax, charge, duty, fee, levy or other assessment, including income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, imposed by any Governmental Entity, and including any interest, penalty, or addition thereto, whether disputed or not; and "Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof, required to be filed with any Governmental Entity.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties have caused their respective duly authorized officers to execute and delivery this Agreement as of the date first written above.

UNITED MINING CO., LTD.

By: /s/ Simon Shi
Name: Simon Shi
Title: Vice President

LAIWU STEEL GROUP, LTD.

By: /s/ Zhaoqiang Hou
Name: Zhaoqiang Hou
Title: Managing Director

CLIFFS UTAC HOLDING LLC

By: /s/ W. C. Boor
Name: W. C. Boor
Title: Vice President

CLEVELAND-CLIFFS INC

By: /s/ W. R. Calfee
Name: W. R. Calfee
Title: Executive Vice President – Commercial
North American Iron Ore

Exhibit 10(a)

Cleveland-Cliffs

May 27, 2008

Dear Participant:

I am very pleased to announce that the Compensation and Organization Committee of the Board of Directors (the "Committee"), at its meeting on Monday, May 12, 2008, approved two significant changes to outstanding performance share grants in order to ensure that all the holders of Cleveland-Cliffs Inc ("Cliffs") performance share grants appropriately receive the intended benefits of theses awards.

The first change relates solely to the 2006 grant of performance shares. You will recall that the 2006 grant measures performance based on the Total Shareholder Return ("TSR") of Cliffs compared the TSR of a peer group of companies (listed on Exhibit A to your Grant Agreement). Under the original terms of the grant agreement, Cliffs' TSR would be ranked against the TSR of the peer group at the end of every quarter during the 3 year performance period; at the end of the 3 year performance period, the 12 Quarterly rankings were to be averaged for the final result (the **"Quarterly Method"**).

When the 2007 grants of performance shares were made, the Committee changed the method of measuring TSR to a single computation of TSR for the entire 3 year performance period (the **"Entire Period Method"**). Cliffs' TSR for the entire period is then ranked against the TSR for the entire period of the peer group to determine whether there will be a payout on the performance shares and, if so, how much.

When the Committee made this change in 2007, it wanted to retroactively change the 2005 and 2006 grants since the Entire Period Method is the better calculation method. However, since such a change could have lowered the potential payout under the 2005 grants, the Committee could not make the change without your consent. In order to make it possible to introduce the Entire Period Method, the Committee gave each holder of the 2005 or 2006 grants a choice between the Quarterly Method and the Entire Period Method (a single choice that applied to both the 2005 and 2006 grants).

Cleveland-Cliffs Inc
1100 Superior Avenue East
Suite 1500
Cleveland, Ohio 44114-2544

216.694.5700 PH
216.694.4880 Fax

Some holders of the 2006 grants elected the Quarterly Method and some elected the Entire Period Method. However, because of the dramatic upswing in the relative TSR of Cliffs late in the 2006-08 cycle, the two calculation methods may result in vastly different payouts; in fact, the Quarterly Method is likely to result in no payout at all. The Committee has determined that the predicted reward for the employees who chose the Quarterly Method would be inappropriate considering the success that the Company has enjoyed since January 1, 2006.

In order to correct this situation, the Committee determined to extend the Entire Period Method to all holders of 2006 grants. This means that, if the Company continues on its present course, all such holders will enjoy the rewards that come from exceptional performance. In the unlikely event that the Quarterly Method will result in a higher payment, the Committee decided that the holder of a 2006 grant would receive the greater of the Entire Period method or the Quarterly Method.

Please remember, under the Entire Period Method, you cannot fully count on there being any payout until the end of the 3 year performance period. Thus, it is important that each one of us continue to work to maintain the exceptional performance we have experienced.

The second change affects the calculation of Total Shareholder Return for peer group companies for the 2006, 2007 and 2008 grants of performance shares. As granted in 2006 and 2007, if a company in the peer group ceased to be publicly traded, reorganized in bankruptcy, or sold more than 50% of its assets, it was automatically dropped from the peer group and nothing was added in its place (**"No Replacement Method"**). While reliable when the peer group is stable over time, the No Replacement Method creates a problem when a large number of members of the peer group drop out. Due to the rapid changes in our industry, the Committee is concerned about the long-term relevance of the original peer groups.

In order to solve the problem of a shrinking peer group, the Committee, based upon the recommendation of its consulting firm, Mercer, determined that when a peer group company drops out, there will be substituted in its place the SPDR S&P Metals & Minerals ETF (XME) ("S&P Metals ETF") but with Cliffs taken out of the composite results (the **"Replacement Method"**). The S&P Metals ETF is a mutual fund managed by State Street Global Advisors to track the S&P Metals & Minerals Industry Index.

The Committee has determined to use the Replacement Method in the 2006, 2007 and 2008 grants of performance shares. Because this represents a change to the 2006 and 2007 grants, and because the Committee does not want your potential payout to be reduced because of this change, the Committee further determined that you will receive the greater payout of the payout under the Replacement Method and the payout under the No Replacement Method for the 2006 and 2007 grants.

With these two changes, it is the belief of the Committee that the Performance Share Plan is much better suited to achieving the Committee's goal of pay-for-performance and shareholder alignment.

If you have any questions about the changes, please contact me at 216-694-5940 or Jack Kennedy at 216-694-4830.

Very truly yours,

/s/ Randy L. Kummer

Randy L. Kummer
Senior Vice President – Human Resources

Exhibit 10(b)

CLEVELAND-CLIFFS INC

2008 PARTICIPANT GRANT AND AGREEMENT
UNDER THE
2007 INCENTIVE EQUITY PLAN

WHEREAS, on March 13, 2007 the Board of Directors (“Board”) of Cleveland-Cliffs Inc. an Ohio corporation (“Company”) (the term “Company” as used herein shall also include the Company’s consolidated Subsidiaries) approved the 2007 Incentive Equity Plan (“Plan”) of the Company and the shareholders of the Company approved the Plan on July 27, 2007; and

WHEREAS, the Compensation and Organization Committee (“Committee”) of the Board has been appointed to administer the Plan; and

WHEREAS, ________________________ (“Participant”) is an employee of the Company or of a Subsidiary of the Company; and

WHEREAS, on March 10, 2008 (“Date of Grant”) the Committee authorized the granting to the Participant of__________________________(_______) Performance Shares and an additional _________________________(______) Restricted share units covering the incentive period commencing January 1, 2008 and ending December 31, 2010 (“Incentive Period”) under the Plan; and

WHEREAS, the Committee has authorized the execution of a Participant Grant and Agreement (“Agreement”) in the form hereof.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, the Participant and Company agree as follows:

ARTICLE 1.

Definitions

All terms used herein with initial capital letters shall have the meanings assigned to them in the WHEREAS clauses or the Plan and the following additional terms, when used herein with initial capital letters, shall have the following meanings:

1.1 "Free Cash Flow" shall mean the Company's revenues minus its expenses, its taxes, its investments in the operations of its business, and its expenditures for working capital, as more particularly described on attached Exhibit D.

1.2 "Market Value Price" shall mean the latest available closing price of a 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.

1.3 "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 and shall mean the S&P Metals ETF as defined in Section 1.8 hereof as a replacement of each and every company listed on Exhibit A that is excluded from the Peer Group during the Incentive Period as described on Exhibit A.

1.4 "Performance Objectives" shall mean for the Incentive Period the target objectives of the Company of the Relative Total Shareholder Return and Free Cash Flow goals established by the Committee and reported to the Board, as more particularly set forth on attached Exhibit B.

1.5 "Performance Shares Earned" shall mean the number of Shares of the Company (or cash equivalent) earned by a Participant following the conclusion of an Incentive Period in which one of Company Performance Objectives was met at the "Threshold" level or a higher level.

1.6 "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.

1.7 "Share Ownership Guidelines" shall mean the Cleveland-Cliffs Inc Directors' and Officers' Share Ownership Guidelines, as amended from time to time.

1.8 "S&P Metals ETF" shall mean the SPDR S&P Metals & Minerals ETF (XME) managed by State Street Global Advisors but with Cleveland-Cliffs Inc taken out.

1.9 "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 Share of the Company plus dividends (or other distributions, excluding franking credits) reinvested over the Incentive Period 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, excluding franking credits) reinvested over the Incentive Period, determined on the last business day of the Incentive Period compared to a base measured by the average Market Value Price per share of a Share of the Company and of a common share of each of the entities in the Peer Group on the last business day of the year immediately preceding the Incentive Period. Dividends (or other distributions, excluding franking credits) per share are assumed to be reinvested in the applicable stock on the last business day of the quarter during which they are paid at the then

Market Value Price per share, resulting in a fractionally higher number of shares owned at the market price.

ARTICLE 2.

Grant and Terms of Performance Shares

2.1 Grant of Performance Shares. Pursuant to the Plan, the Company, by action of the Committee, hereby grants to the Participant the number of Performance Shares as specified in the Fourth WHEREAS clause of this Agreement, without dividend equivalents, effective as of the Date of Grant.

2.2 Issuance of Performance Shares. The Performance Shares covered by this Agreement shall only result in the issuance of Shares (or cash or a combination of 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. Performance Shares Earned, if any, shall be based upon the degree of achievement of the Company Performance Objectives, all as more particularly set forth in Exhibit B, with actual Performance Shares Earned interpolated between the performance levels shown on Exhibit B. In no event, shall any Performance Shares be earned for actual achievement by the Company in excess of the allowable maximum as established under the Performance Objectives.

2 . 4 Calculation of Payout of Performance Shares. The Performance Shares granted shall be earned as Performance Shares Earned based on the degree of achievement of the Performance Objectives established for the Incentive Period. The percentage level of achievement determined for each Performance Objective shall be multiplied by the number of

Performance Shares granted to determine the actual number of Performance Shares Earned. The calculation as to whether the Company has met or exceeded the Company Performance Objectives shall be determined in accordance with this Agreement.

2.5 Payment of Performance Shares.

(a) Payment of Performance Shares Earned shall be made in the form of Shares (or cash or a combination of Shares and cash, as decided by the Committee in its sole discretion), and shall be paid after the determination by the Committee of the level of attainment of the Company Performance Objectives (the calculation of which shall have been previously reviewed by an independent accounting professional). Notwithstanding the foregoing, no Performance Shares granted hereunder, may be paid in cash in lieu of Shares to any Participant who is subject to the Share Ownership Guidelines unless and until such Participant is either in compliance with, or no longer subject to, such Share Ownership Guidelines, provided, however, that the Committee may withhold Shares to the extent necessary to satisfy federal, state or local income tax withholding requirements, as described in Section 5.2. In addition, the Committee may restrict 50% of the Shares to be issued in satisfaction of the total Performance Shares Earned, before income tax withholding, so that they cannot be sold by Participant unless immediately after such sale the Participant is in compliance with the Share Ownership Guidelines that are applicable to the Participant at the time of sale.

(b) Any payment of Performance Shares Earned to a deceased Participant shall be paid to the beneficiary designated by the Participant on the Designation of Death Beneficiary attached as Exhibit E and filed with the Company. If no such beneficiary has been designated or survives the Participant, payment shall be made to the estate of a Participant. A beneficiary designation may be changed or revoked by a Participant at any time, provided the change or revocation is filed with the Company.

(c) Prior to payment, the Company shall only have an unfunded and unsecured obligation to make payment of Performance Shares Earned to the Participant. The Performance Shares covered by this Agreement that have not yet been earned as Performance Shares Earned are not transferable other than by completion of the Designation of Death Beneficiary attached as Exhibit E or pursuant to the laws of descent and distribution.

2.6 Death, Disability, Retirement, or Other.

(a) With respect to Performance Shares granted to a Participant whose employment is terminated because of death, Disability, Retirement, or is terminated by the Company without Cause, the Participant shall receive as Performance Shares Earned the number of Performance Shares as is then determined under Section 2.4 at the end of such Incentive Period, prorated based upon the number of months between January 1, 2008 and the date the Participant ceased to be employed by the Company compared to the thirty-six (36) months in the Incentive Period.

(b) In the event a Participant voluntarily terminates employment prior to December 31, 2010 or is terminated by the Company with Cause prior to the date of payment of Performance Shares Earned, the Participant shall forfeit all right to any Performance Shares that would have been earned under this Agreement.

ARTICLE 3.

Grant and Terms of Restricted Share Units

3.1 Grant of Restricted Share Units. Pursuant to the Plan, the Company hereby grants to the Participant the number of Restricted Share Units as specified in the Fourth

WHEREAS clause of this Agreement, without dividend equivalents, effective as of the Date of Grant.

3.2 Condition of Payment. The Restricted Share Units covered by this Agreement shall only result in the payment in Shares of the Company equal in number to the Restricted Share Units if the Participant remains in the employ of the Company or a Subsidiary throughout the Incentive Period.

3.3 Payment of Restricted Share Units.

(a) Payment of Restricted Share Units shall be made in the form of Shares 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 Restricted Share Units shall be paid in Shares at the time the Performance Shares would normally have been paid. The Committee may restrict 50% of the Shares to be issued in satisfaction of the total Restricted Share Units, before income tax withholding, so that they cannot be sold by Participant unless immediately after such sale the Participant is in compliance with the Share Ownership Guidelines that are applicable to the Participant at the time of sale.

(b) Any payment of Restricted Share Units to a deceased Participant shall be paid to the beneficiary designated by the Participant on the Designation of Death Beneficiary attached as Exhibit E and filed with the Company. If no such beneficiary has been designated or survives the Participant, payment shall be made to the estate of a Participant. A beneficiary designation may be changed or revoked by a Participant at any time, provided the change or revocation is filed with the Company.

(c) Prior to payment, the Company shall only have an unfunded and unsecured obligation to make payment of Restricted Share Units to the Participant. The

Restricted Share Units covered by this Agreement that have not yet been earned are not transferable other than by completion of the Designation of Death Beneficiary attached as Exhibit E or pursuant to the laws of descent and distribution.

3.4 Death, Disability, Retirement or Other. With respect to Restricted Share Units granted to a Participant whose employment is terminated because of death, Disability, Retirement, or is terminated by the Company without Cause during the Incentive Period, the Participant shall receive the number of Shares as calculated in Section 3.2, prorated based upon the number of months between January 1, 2008 and the date the Participant ceased to be employed by the Company compared to the thirty-six (36) months in the Incentive Period.

ARTICLE 4.

Other Terms Common to Restricted Share Units and Performance Shares

4.1 Forfeiture.

(a) A Participant shall not render services for any organization or engage directly or indirectly in any business which is a competitor of the Company or any affiliate of the Company, or which organization or business is or plans to become prejudicial to or in conflict with the business interests of the Company or any affiliate of the Company.

(b) Failure to comply with subsection (a) above will cause a Participant to forfeit the right to Performance Shares and Restricted Share Units and require the Participant to reimburse the Company for the taxable income received or deferred on Performance Shares that become payable to the Participant and on Restricted Share Units that have been paid out in Shares within the 90-day period preceding the Participant's termination of employment.

(c) Failure of the Participant to repay to the Company the amount to be reimbursed in subsection (b) above within three days of termination of employment will result in the offset of said amount from the Participant's account balance in the Company's Voluntary Non-Qualified Deferred Compensation Plan (if applicable) and/or from any accrued salary or vacation pay owed at the date of termination of employment or from future earnings payable by the Participant's next employer.

4.2 **Change in Control**. In the event a Change in Control occurs, all Performance Shares granted to a Participant for Incentive Periods which have not ended shall immediately become Performance Shares Earned on a one-to-one basis regardless of the Performance Objectives. All Performance Shares, if any, granted to a Participant for an Incentive Period which ended before the Change in Control, will be deemed to be Performance Shares Earned to the extent and only to the extent that they became Performance Shares Earned as of the end of the Incentive Period based upon the Performance Objectives for the Incentive Period. The value of all Performance Shares Earned, including ones for Incentive Periods which have already ended, shall be paid in cash based on the fair market value of the Shares determined on the date the Change in Control occurs. Also, in the event of a Change in Control, all Restricted Share Units granted for all periods shall become nonforfeitable and shall be paid in cash based on the fair market value of an equivalent number of Shares determined on the date the Change in Control occurs. All payments with respect to Performance Shares and Restricted Share Units shall be made within 10 days of the Change in Control.

ARTICLE 5.

General Provisions

5.1 **Compliance with Law**. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of this Agreement, the Company shall not be obligated to issue any Shares pursuant to this Agreement if the issuance or payment thereof would result in a violation of any such law.

5.2 **Withholding Taxes**. To the extent that the Company is required to withhold federal, state, local or foreign taxes in connection with any payment of Performance Shares Earned or Restricted Share Units to a Participant under the Plan, and the amounts available to the Company for such withholding are insufficient, it shall be a condition to the receipt of such payment of Performance Shares Earned or Restricted Share Units or the realization of such benefit that the Participant make arrangements satisfactory to the Company for payment of the balance of such taxes required to be withheld. If necessary, the Committee may require relinquishment of a portion of such Performance Shares Earned or such Restricted Share Units. The Participant may elect to satisfy all or any part of any such withholding obligation by surrendering to the Company a portion of the Shares that are issued or transferred hereunder, and the Shares so surrendered by the Participant shall be credited against any such withholding obligation at the Market Value Price per share of such Shares on the date of such surrender. In no event, however, shall the Company accept Shares for payment of taxes in excess of required tax withholding rates, except that, in the discretion of the Committee, a Participant or such other person may surrender Shares owned for more than six months to satisfy any tax obligation resulting from such transaction.

5.3 **Continuous Employment**. For purposes of this Agreement, the continuous employment of the Participant with the Company shall not be deemed to have been interrupted, and the Participant shall not be deemed to have ceased to be an employee of the Company, by reason of the transfer of his employment among the Company and its Subsidiaries or an approved leave of absence.

5.4 Relation to Other Benefits. Any economic or other benefit to the Participant under this Agreement or the Plan shall not be taken into account in determining any benefits to which 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.

5.5 Agreement Subject to Plan. The Restricted Share 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 Plan, a copy of which is available upon request.

5.6 Amendments. The Plan and this Agreement can be amended at any time by the Company. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto. Except for amendments necessary to bring the Plan and this Agreement into compliance with current law including Internal Revenue Code section 409A, no amendment to either the Plan or this Agreement 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 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.

CLEVELAND-CLIFFS INC
("Company")

Joseph A. Carrabba
Chairman and Chief Executive Officer

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

Participant

Print Name:

EXHIBITS

Exhibit A	Peer Group
Exhibit B	Performance Objectives
Exhibit C	Relative Total Shareholder Return
Exhibit D	Free Cash Flow
Exhibit E	Beneficiary Designation

Exhibit A

PEER GROUP
(2008-2010)

Massey Energy Corp
Consol Energy Inc
Peabody Energy Corp
Foundation Coal Holdings Inc
Arch Coal Inc
Carpenter Technology Corp
Steel Dynamics Inc
Quanex Corp
AK Steel Holding Corp
Commercial Metals Co
Worthington Inds Inc
Alcoa Inc
Nucor Corp
United States Steel Corp (New)
Reliance Steel & Aluminum Co
Allegheny Technologies Inc
Freeport-McMoran Cooper & Gold Inc
Usec Inc

The Peer Group of 18 companies shall not be adjusted within the Incentive Period, except to exclude companies which during the Incentive Period (a) cease to be publicly traded, or (b) have experienced a major restructuring by reason of: (i) a Chapter 11 filing, or (ii) a spin-off of more than 50% of any such company's assets. The S&P Metals ETF as defined in Paragraph 1.8 shall be substituted in place of the Peer Group companies that are excluded pursuant to the foregoing sentence with a weighting of 1/18th times the number of Peer Group Companies that are so excluded.

The value of the stock of a Peer Group company will be determined in accordance with the following:

1. If the stock is listed on an exchange in the U.S. or Canada, then the value on such exchange will be used;
2. Otherwise, if the stock is traded in the U.S. as an American Depositary Receipt, then the value of the ADR will be used; or
3. Otherwise, the value on the exchange in the country where the company is headquartered will be used.

Exhibit B

PERFORMANCE OBJECTIVES
(2008-2010)

The target objectives of the Company are Relative Total Shareholder Return (share price plus reinvested dividends) and Free Cash Flow over the three-year Incentive Period from January 1, 2008 to December 31, 2010. Achievement of the Relative Total Shareholder Return objective shall be determined by the shareholder return of the Company relative to a predetermined group of steel, mining and metal companies. Achievement of the Free Cash Flow objective shall be determined against a scale set forth in the Table Below:

		Performance Level		
Performance Factor	**Weight**	**Threshold**	**Target**	**Maximum**
Relative TSR	50%	35th %tile	55th %tile	75th %tile
Payout For Relative TSR		25%	50%	75%
3-Year Cumulative Free Cash Flow ($000s)	50%	$1,004	$1,255	$1,506
Payout For Free Cash Flow		25%	50%	75%
Total Payout If Achieve Level For Both Performance Factors		50%	100%	150%

Exhibit C

RELATIVE TOTAL SHAREHOLDER RETURN
(2008-2010)

Relative Total Shareholder Return for the Incentive Period is calculated as follows:

1. The Total Shareholder Return as defined in Section 1.9 of the Agreement for the Incentive Period for the Company shall be compared to the Total Shareholder Return for each of the entities within the Peer Group for the Incentive Period. The results shall be ranked to determine the Company's Relative Total Shareholder Return percentile ranking compared to the Peer Group.

2. The Company's Relative Total Shareholder Return for the Incentive Period shall be compared to the Relative Total Shareholder Return Performance target range established for the Incentive Period.

3. The Relative Total Shareholder Return performance target range has been established for the 2008-2010 Incentive Period as follows:

Performance Level	2008-2010 Relative Total Shareholder Return Percentile Ranking
Maximum	75th Percentile
Target	55th Percentile
Threshold	35th Percentile

Exhibit D

FREE CASH FLOW
(2008-2010)

Free Cash Flow is calculated as follows:

1. Each year during the Incentive Period, the revenues of the Company determined on a consolidated basis shall be determined.
2. Each year during the Incentive Period, the operating expenses of the Company, determined on a consolidated basis, including taxes, shall be subtracted from the revenues.
3. Each year during the Incentive Period, the Company's net investment in its operations shall be subtracted from the amount determine in paragraph 2 above.
4. Each year during the Incentive Period, the Company's net expenditures for working capital shall be subtracted from the amount determined in paragraph 3 above.
5. The amounts determined in paragraph 4 above for each year during the Incentive Period shall be added together to determine the Cumulative Free Cash Flow of the Company during the Incentive Period.

The Cumulative Free Cash Flow shall be adjusted by the Committee, if necessary, to eliminate the impact of acquisitions and dispositions, borrowings, dividends, share repurchases, other financing expenditures, and other investing expenditures.

Exhibit E

BENEFICIARY DESIGNATION

In accordance with the terms and conditions of the Cleveland-Cliffs Inc 2007 Incentive Equity Plan ("Plan") and the 2008 Participant Grant and Agreement ("Agreement"), I hereby designate the person(s) indicated below as my beneficiary(ies) to receive any payments under the Plan and Agreement after my death.

Name ____
Address ____

Social Sec. Nos. of Beneficiary(ies) ____________________________
Relationship(s) ____________________________
Date(s) of Birth ____________________________

In the event that the above-named beneficiary(ies) predecease(s) me, I hereby designate the following person(s) as beneficiary(ies):

Name ____
Address ____

Social Sec. Nos. of Beneficiary(ies) ____________________________
Relationship(s) ____________________________
Date(s) of Birth ____________________________

I hereby expressly revoke all prior designations of beneficiary(ies), reserve the right to change the beneficiary(ies) herein designated and agree that the rights of said beneficiary(ies) shall be subject to the terms of the Plan and Agreement. In the event that there is no beneficiary living at the time of my death, I understand that the payments under the Plan and Agreement will be paid to my estate.

Date	(Signature)
	(Print or type name)

Exhibit 10(c)

CONFIDENTIAL MATERIAL HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES EXCHANGE COMMISSION. ASTERISKS DENOTE SUCH OMISSIONS.

CONFIDENTIAL

Term Sheet
for Second Amendment of the
Pellet Sale and Purchase Agreement
("Term Sheet")
May 22, 2008

Parties: The Cleveland-Cliffs Iron Company, Cliffs Mining Company, Northshore Mining Company, and Cliffs Sales Company (collectively, "Cliffs") and Algoma Steel Inc. ("Algoma").

Purpose: Cliffs and Algoma wish to amend the terms of the Pellet Sale and Purchase Agreement of January 31, 2002, as amended ("Agreement") with respect to the volume of iron ore pellets to be purchased and sold thereunder for the years [*****], as well as the pricing of the iron ore pellets for the year [*****]. Cliffs and Algoma each acknowledge and agree that the Agreement shall be amended as set forth in this Term Sheet, and further that, except as amended hereby, the Agreement is and shall remain in full force and effect. All capitalized terms not otherwise defined herein shall have the meaning(s) set forth in the Agreement.

Volume: For the year 2008, Cliffs shall supply to Algoma, and Algoma shall purchase from Cliffs, [*****] tons of Cliffs Pellets for use by Algoma in accordance with the terms of the Agreement. Notwithstanding the foregoing, with respect to Algoma's right to modify its 2008 Annual Requirements pursuant to Section 5(b) of the Agreement, such right of modification shall only be exercisable with respect to Algoma's Annual Requirements up to [*****] tons.

For the year 2009, Cliffs shall supply to Algoma, and Algoma shall purchase from Cliffs, [*****] tons of Cliffs Pellets for use by Algoma in accordance with the terms of the Agreement. Notwithstanding the foregoing, with respect to Algoma's right to modify its 2009 Annual Requirements pursuant to Section 5(b) of the Agreement, such right of modification shall only be exercisable with respect to Algoma's Annual Requirements up to [*****] tons.

Price: For the year 2008, the price for Cliffs Pellets purchased by Algoma shall be as follows: (i) [*****] tons of Cliffs Pellets at an estimated price of: [*****] per ton (which at the expected natural iron content of [*****] for Tilden Hem Flux Pellets is [*****] per iron unit and which at the expected natural iron content of [*****] for Tilden Mag Flux Pellets is [*****] per iron unit); and (ii) [*****] tons of Cliffs Pellets at an estimated price of: [*****] per ton (which at the expected natural iron content of

[*****] for Tilden Hem Flux Pellets is [*****] per iron unit and which at the expected natural iron content of [*****] for Tilden Mag Flux Pellets is [*****] per iron unit). The foregoing prices shall be applicable to all f.o.b. delivery points specified in Section 8(c) of the Agreement. The foregoing prices for the year 2008 are final and are not subject to modification by any provision contained in Section 6 of the Agreement.

For the year 2009, the price for all Cliffs Pellets purchased by Algoma shall be determined in accordance with the pricing provisions set forth in the Agreement.

Payment Terms: The payment terms in the Agreement shall remain unchanged except as follows:

For the year 2008: (i) [*****] tons of Cliffs Pellets delivered to Algoma in [*****] shall be invoiced by Cliffs, and purchased by Algoma, at the price of [*****] per iron unit (Tilden Hem Flux Pellets) or [*****] per iron unit (Tilden Mag Flux Pellets) as applicable, (ii) the first [*****] tons of Cliffs Pellets delivered to Algoma in each of the calendar months beginning [*****] shall be invoiced by Cliffs, and purchased by Algoma, at the price of [*****] per iron unit (Tilden Hem Flux Pellets) or [*****] per iron unit (Tilden Mag Flux Pellets) as applicable, and (iii) all other Cliffs Pellets delivered to Algoma during 2008 shall be invoiced by Cliffs, and purchased by Algoma, at the price of [*****] per iron unit (Tilden Hem Flux Pellets) or [*****] per iron unit (Tilden Mag Flux Pellets) as applicable. Further, in the event Algoma has not shipped its entire nominated tonnage for [*****], then Algoma shall pay Cliffs for the balance of such tonnage via wire transfer on [*****]. Further, on or before [*****].

For the year 2009: In the event Algoma has not shipped its entire nominated tonnage for [*****], then Algoma shall pay Cliffs for the balance of such tonnage via wire transfer [*****] and title to such tonnage shall transfer to Algoma [*****]. Further, on or before [*****].

Price Re-opener:	Algoma and Cliffs each acknowledge and agree that the terms and provisions of this Term Sheet were negotiated in settlement of Algoma's January 3, 2008 request for a price renegotiation pursuant to Section 13 of the Agreement (and Algoma's related March 3, 2008 request for arbitration pursuant of Section 15 of the Agreement) and that neither party shall have any further right to request a price renegotiation except in accordance with Section 13 of the Agreement. Further, upon execution of this Term Sheet, Algoma shall immediately withdraw its March 3, 2008 request for arbitration. Algoma and Cliffs further acknowledge and agree that the terms and provisions of this Term Sheet, as negotiated in full and final settlement of Algoma's January 3, 2008 request for a price renegotiation, which is settled hereby with prejudice but is without prejudice to either party's right or ability to request future price renegotiation at the times and in the manner specified in Section 13 of the Agreement.
Definitive Contract:	Algoma and Cliffs each acknowledge and agree that once this Term Sheet is executed, the Agreement, as amended by this Term Sheet, shall govern the performance of the parties until such time as a separate definitive written amendment to the Agreement, if any, is executed and delivered by the parties.

CLIFFS MINING COMPANY

By: /s/ W. Calfee

Title: Executive Vice President – Commercial

Date: May 27, 2008

ALGOMA STEEL INC.

By: /s/ V. Ciappetta

Title: Vice President – Legal

Date: May 30, 2008

NORTHSHORE MINING COMPANY

By: /s/ W. Calfee

Title: Executive Vice President – Commercial

Date: May 27, 2008

[SIGNATURES CONTINUED ON NEXT PAGE]

THE CLEVELAND-CLIFFS IRON COMPANY

By: /s/ D. B. Blake

Title: Vice President – Iron Ore

Date: 5/23/08

CLIFFS SALES COMPANY

By: /s/ W. Calfee

Title: Executive Vice President – Commercial

Date: May 27, 2008

Exhibit 10(d)

<u>CONFIDENTIAL MATERIAL HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES EXCHANGE COMMISSION. ASTERISKS DENOTE SUCH OMISSIONS.</u>
CONFIDENTIAL

Term Sheet
for Amendment and Extension of the
Amended and Restated Pellet Sale and Purchase Agreement
("Term Sheet")
April 29, 2008

Parties:	Cliffs Sales Company, The Cleveland-Cliffs Iron Company and Cliffs Mining Company (collectively, "Cliffs") and Severstal North America, Inc. ("Severstal")
Term:	[*****] years (January 1, [*****] through December 31, [*****]); automatically extended for [*****] periods unless termination notice is given, in writing, no less than [*****] months prior to expiration.
Volume:	For the year [*****], Cliffs shall supply to Severstal, and Severstal shall purchase from Cliffs, [*****] tons. Further, for [*****], Severstal shall be permitted to use a portion of this volume – up to [*****] tons – at a Severstal-owned or affiliated facility other than the [*****]. As of the date of this Term Sheet, Cliffs has committed to supply [*****] tons to Severstal's [*****] for the year [*****], which is part of the [*****] tons for [*****]. Annual notification and nomination adjustment procedures shall remain the same as in the Amended and Restated Pellet Sale and Purchase Agreement of January 1, 2006 ("Agreement").
	For the year [*****], Cliffs shall supply to Severstal, and Severstal shall purchase from Cliffs, [*****] tons. Further, for [*****], Severstal shall be permitted to use a portion of this volume – up to [*****] tons – at a Severstal-owned or affiliated facility other than the [*****]. Cliffs shall use commercially reasonable efforts to supply Severstal tonnage above the [*****] tons.
	For the years [*****] through and including [*****], Cliffs shall supply to Severstal, and Severstal shall purchase from Cliffs, [*****], with a minimum annual supply and purchase obligation of [*****] tons. However, in no year shall Cliffs be required to supply more than [*****] tons per year ("Annual Cap"). [*****]. In the event Severstal requires additional

tons beyond the Annual Cap, Cliffs shall have a right of first refusal to provide such tonnage, or, at Cliffs' discretion, a portion thereof, pursuant to the terms and conditions of this Term Sheet. Severstal shall provide written notice to Cliffs of such requested excess tonnage above the Annual Cap. Within thirty (30) days after the receipt of Severstal's written notice, Cliffs shall notify Severstal as to whether Cliffs shall provide all, or any portion, of such requested excess tonnage above the Annual Cap. If Cliffs confirms that it will provide all, or a portion, of such requested excess tonnage above the Annual Cap, then Cliffs shall be obligated to supply and Severstal shall be obligated to purchase such total nominated tonnage (i.e. the Annual Cap plus the excess amount Cliffs notifies Severstal that it is willing to provide). If Cliffs is unable to supply a portion or all of the requested excess tonnage to Severstal, Cliffs acknowledges and agrees that Severstal will be required to seek an additional source for the excess pellets that Cliffs does not supply [*****].

[*****].

If Severstal ships less than [*****] tons in [*****] consecutive calendar years, Cliffs and Severstal agree to discuss a reduction of the Annual Cap with the intent to reduce the cap to [*****] tons or less unless Severstal can confirm that they will ship in excess of [*****] tons in the year following the [*****] years that they shipped less that [*****] tons.

Beginning with the [*****] pellet nomination, Section [*****] shall be modified by substituting the words [*****] for the words [*****] and Section [*****] shall be modified by substituting the words [*****] for [*****] and substituting the words [*****] for the words [*****].

Grades: Beginning in [*****] and continuing thereafter, only [*****] (as defined in the Agreement) or such other grade(s) of [*****] pellets as are mutually agreed upon by the parties (collectively [*****]) shall be available for purchase and sale. For avoidance of doubt, [*****] Pellets will no longer be supplied by Cliffs to Severstal pursuant to the Agreement.

Price: Beginning in [*****] and continuing thereafter, there will no longer be pricing for "[*****]" under the Agreement.

For the year [*****], the price for all [*****] Pellets consumed by Severstal's Dearborn, Michigan facility shall be the adjusted price for [*****] (as defined in the Agreement) subject to the revised annual adjustment limitations set forth below in this Term Sheet. [*****].

For the years [*****] through and including [*****], all [*****] Pellets purchased by Severstal shall be for consumption at Severstal's Dearborn, Michigan facility, [*****]. Further, the price for all [*****] Pellets purchased up to [*****] million tons by Severstal shall be the adjusted price for [*****] (as defined in the Agreement) subject to the revised annual adjustment limitations set forth below in this Term Sheet.

All [*****] Pellets purchased by Severstal in excess of [*****] tons shall be priced [*****] as detailed below.

[*****]	[*****]
[*****]	[*****]
[*****]	[*****]
[*****]	[*****]

[*****].

Establishment of [*****] Base Price:

Beginning in [*****] and continuing thereafter, there will no longer be pricing for "[*****]" under the Agreement. At the end of [*****], a new base price ("Base Price") for all tonnage under the Agreement shall be calculated. [*****].

Annual Adjustment:

Beginning in [*****] and continuing thereafter, (i) there shall no longer be a "[*****]" (as defined in the Agreement), and (ii) the provisions set forth in Sections [*****] and [*****] of the Agreement shall no longer be effective. Further, beginning [*****], the procedure for annual price adjustments shall be as follows:

For the year [*****], the annual adjustment to the price for [*****] Pellets shall be calculated pursuant to Section [*****] of the Agreement, [*****].

For the year [*****], the annual adjustment to the price for [*****] Pellets shall be calculated pursuant to Section [*****] of the Agreement, [*****].

For the years [*****], the annual adjustment to the price for [*****] Pellets shall be calculated pursuant to Section [*****] of the Agreement, [*****].

Beginning in [*****], the Base Price (as established above in this Term Sheet) shall be adjusted upward or downward, as the case may be, by the annual percentage change in the four adjustment factors as provided in the current Agreement as follows:

[*****].

Miscellaneous Provisions:	In [*****], Cliffs shall sell approximately [*****] tons of [*****] and [*****] tons of pellets from the [*****] facility [*****].
	Cliffs and Severstal shall review Section 18 in the current Agreement in an effort to support uninterrupted supply and purchase in the event that either party experiences a change in ownership or control.
Payment Terms:	Payment via wire transfer on the [*****] of the [*****].
Delivery:	Title shall transfer upon receipt of payment. Title retention/securing interest documentation shall remain the same as in the current Agreement.
Confidentiality:	Cliffs and Severstal each agree that the terms of this agreement shall remain confidential in accordance with Section 20 of the existing Agreement.
Definitive Contract:	Severstal and Cliffs agree that, once executed, this Term Sheet shall govern the performance of the parties until such time as both parties execute the definitive written agreement providing for the sale and purchase of iron ore pellets.

CLIFFS SALES COMPANY

By: /s/ W. R. Calfee

Title: Exec. V.P. Commercial

Date: April 30, 2008

CLIFFS MINING COMPANY

By: /s/ W. R. Calfee

Title: Exec. V.P. Commercial

Date: April 30, 2008

THE CLEVELAND-CLIFFS IRON COMPANY

By: /s/ W. R. Calfee

Title: Exec. V. P. Commercial

Date: April 30, 2008

SEVERSTAL NORTH AMERICA, INC.

By: /s/ Cheryl L. Hurt

Title: Vice President – Purchasing & Transportation

Date: April 29, 2008

Exhibit 10(e)

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (this "*Agreement*") is made as of July 11, 2008, by and among Cleveland-Cliffs Inc, an Ohio corporation (the "*Company*"), and United Mining Co., Ltd., a California corporation ("*United Mining*").

RECITAL

WHEREAS, the Company has, as of the date hereof, issued 1,529,619 shares of Common Stock (as hereinafter defined) to United Mining, and may issue additional shares of Common Stock to United Mining, all upon the terms and conditions set forth in that certain Purchase and Sale Agreement, dated the date hereof, by and among Cliffs UTAC Holding LLC, a Delaware limited liability company, the Company, United Mining and Laiwu Steel Group Ltd., a corporation organized under the laws of the People's Republic of China (the "*Purchase Agreement*").

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants contained in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Company and United Mining agree as follows:

1. *Definitions*.

(a) Capitalized terms used herein without definition shall have the meanings ascribed to them in the Purchase Agreement. As used in this Agreement, the following defined terms shall have the following meanings:

"Affiliate" of any specified person means any other person which, directly or indirectly, is in control of, is controlled by, or is under common control with such specified person. For purposes of this definition, control of a person means the power, direct or indirect, to direct or cause the direction of the management and policies of such person whether by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Commission" means the United States Securities and Exchange Commission, or any other federal agency at the time administering the Exchange Act or the Securities Act, whichever is the relevant statute for the particular purpose.

"Common Stock" means the Company's common shares, par value $0.125 per share.

"Effectiveness Period" has the meaning assigned thereto in Section 2(b) hereof.

"Effective Time" means the time at which the Commission declares the Shelf Registration Statement effective or at which the Shelf Registration Statement otherwise becomes effective.

"Exchange Act" means the United States Securities Exchange Act of 1934, as amended.

"*FINRA*" means the Financial Industry Regulatory Authority, Inc.

"Free Writing Prospectus" means any "free writing prospectus" as defined in Rule 405 promulgated under the Securities Act.

"Holder" means United Mining (or, where context requires, United Mining collectively with its affiliates), as holder(s) of the Purchase Agreement Shares.

"person" means an individual, partnership, corporation, trust or unincorporated organization, or a government or agency or political subdivision thereof.

"Prospectus" means the prospectus (including, without limitation, any preliminary prospectus, any final prospectus and any prospectus that discloses information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A) included in the Shelf Registration Statement, as amended or supplemented by any prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities covered by the Shelf Registration Statement and by all other amendments and supplements to such prospectus, including all material incorporated by reference in such prospectus and all documents filed after the date of such prospectus by the Company under the Exchange Act and incorporated by reference therein.

"Purchase Agreement" has the meaning given such term in the recital hereto.

"*Purchase Agreement Shares*" means the shares of Common Stock issued and/or delivered to United Mining pursuant to the Purchase Agreement.

"Registrable Securities" means (i) all or any portion of the Purchase Agreement Shares and (ii) any other shares of Common Stock or other securities issued as (or issued upon conversion or exercise of any warrant, right or other security which is issued as) a dividend or other distribution with respect to, in exchange for or in replacement of the Purchase Agreement Shares; provided, however, that all such securities shall cease to be "Registrable Securities" if they are transferred or sold by United Mining to any person that is not an affiliate of United Mining.

"*Rule 144*", "*Rule 158*", "*Rule 405*", "*Rule 415*", "*Rule 434*", "*Rule 430A*", "*Rule 430B*" and "*Rule 430*" mean such rule promulgated by the Commission under the Securities Act (or any successor provision), as the same may be amended or succeeded from time to time.

"Rules and Regulations" means the published rules and regulations of the Commission promulgated under the Securities Act or the Exchange Act, as in effect at any relevant time.

"Securities Act" means the United States Securities Act of 1933, as amended.

"Shelf Registration" means a registration effected pursuant to Section 2 hereof.

"Shelf Registration Statement" means a "shelf" registration statement filed under the Securities Act providing for the registration of, and the sale on a continuous or delayed basis by

the Holder of, all of the Registrable Securities pursuant to Rule 415 and/or any similar rule that may be adopted by the Commission, filed by the Company pursuant to the provisions of Section 2 of this Agreement, including the Prospectus contained therein, any amendments and supplements to such registration statement, including post-effective amendments, and all exhibits and all material incorporated by reference in such registration statement.

2. *Shelf Registration.*

(a) As soon as reasonably practicable (but no later than ten (10) Business Days) after the Company becomes eligible to file an "automatic shelf registration statement" (as defined in Rule 405), and if the Company is a "well-known seasoned issuer" (as defined in Rule 405), then the Company shall file with the Commission a Shelf Registration Statement in the form of an automatic shelf registration statement relating to the offer and sale of the Registrable Securities by the Holder from time to time in accordance with the methods of distribution elected by the Holder and set forth in such Shelf Registration Statement and, thereafter, shall use its commercially reasonable efforts to cause such Shelf Registration Statement to become or be declared effective under the Securities Act.

(b) The Company shall use its commercially reasonable efforts to keep the Shelf Registration Statement continuously effective under the Securities Act in order to permit the Prospectus forming a part thereof to be usable by the Holder until the earliest of: (1) the sale of all Registrable Securities registered under the Shelf Registration Statement; (2) the six-month anniversary of the date hereof if, at such time, the Registrable Securities are tradable by United Mining without restriction pursuant to Rule 144; and (3) the one-year anniversary of the date hereof (such period being referred to herein as the "*Effectiveness Period*");

The Company shall be deemed not to have used its commercially reasonable efforts to keep the Shelf Registration Statement effective during the requisite period if the Company voluntarily takes any action that would result in the Holder of Registrable Securities covered thereby not being able to offer and sell any of such Registrable Securities during that period, unless such action is (A) required by applicable law and the Company thereafter promptly complies with the requirements of Section 3(j) below or (B) permitted pursuant to Section 2(c) below.

(c) The Company may suspend the use of the Prospectus for up to four (4) periods not to exceed 10 consecutive days per period or an aggregate of 30 days during the Effectiveness Period, if the Board of Directors of the Company shall have determined in good faith that because of valid business reasons (not including avoidance of the Company's obligations hereunder), including the acquisition or divestiture of assets, pending corporate developments and similar events, it is in the best interests of the Company to suspend such use, and prior to suspending such use the Company provides the Holder with ten (10) Business Days' prior written notice of such suspension, which notice need not specify the nature of the event giving rise to such suspension.

3. *Registration Procedures*. In connection with the Shelf Registration Statement, the following provisions shall apply:

(a) The Company shall furnish to the Holder a copy of the Shelf Registration Statement initially filed with the Commission, and shall furnish to the Holder, prior to the filing thereof with the Commission, copies of each amendment thereto and each amendment or supplement, if any, to the Prospectus included therein, and shall use its commercially reasonable efforts to reflect in each such document, at the Effective Time or when so filed with the Commission, as the case may be, such comments as such Holder and its counsel reasonably may propose; provided that this Section 3(a) shall not apply to periodic or current reports under the Exchange Act.

(b) The Company shall promptly take such action as may be necessary so that (i) the Shelf Registration Statement (as of the effective date of the Shelf Registration Statement), any amendment thereof (as of the effective date thereof) or supplement thereto (as of its date), including in each case any documents incorporated by reference therein, (A) will comply in all material respects with the applicable requirements of the Securities Act and the Rules and Regulations and (B) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, and (ii) any related prospectus, preliminary prospectus or Free Writing Prospectus and any amendment thereof or supplement thereto (including in each case any documents incorporated by reference therein) as of its date, (A) will comply in all material respects with the applicable requirements of the Securities Act and the Rules and Regulations and (B) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(c) The Company shall promptly advise the Holder, and shall confirm such advice in writing if so requested by the Holder:

(i) when a Shelf Registration Statement and any amendment thereto has been filed with the Commission and when a Shelf Registration Statement or any post-effective amendment thereto has become effective;

(ii) of any request by the Commission for amendments or supplements to the Shelf Registration Statement or the Prospectus included therein or for additional information;

(iii) of the issuance by the Commission of any stop order suspending the effectiveness of the Shelf Registration Statement or the initiation of any proceedings for such purpose;

(iv) of the receipt by the Company of any notification with respect to the suspension of the qualification of the securities included in the Shelf Registration Statement for sale in any jurisdiction or the initiation of any proceeding for such purpose; and

(v) of the occurrence of any event or the existence of any state of facts that requires the making of any changes in the Shelf Registration Statement or the Prospectus included therein so that, as of such date, such Shelf Registration Statement and Prospectus do not contain an untrue statement of a material fact and do not omit to state a material fact required to be stated therein or necessary to make the statements therein (in the case of the Prospectus, in light of the circumstances under which they were made) not misleading (which advice shall be accompanied by an instruction to the Holder to suspend the use of the Prospectus until the requisite changes have been made); provided that the Holder shall maintain the confidentiality of such advice to the extent such advice contains non-public information as designated by the Company.

(d) The Company shall use its commercially reasonable efforts to prevent the issuance, and if issued to obtain the withdrawal at the earliest possible time, of any order suspending the effectiveness of the Shelf Registration Statement.

(e) The Company shall furnish to the Holder, without charge, at least one copy of the Shelf Registration Statement and all post-effective amendments thereto, including financial statements and schedules, and, if the Holder so requests in writing, all reports, other documents and exhibits that are filed with or incorporated by reference in the Shelf Registration Statement.

(f) The Company shall, during the Effectiveness Period, deliver to the Holder, without charge, as many copies of the Prospectus (including each preliminary Prospectus) included in the Shelf Registration Statement and any amendment or supplement thereto as the Holder may reasonably request; and the Company consents (except during the periods specified in Section 2(c) above or during the continuance of any event or the existence of any state of facts described in Section 3(c)(v) above) to the use of the Prospectus and any amendment or supplement thereto by the Holder in connection with the offering and sale of the Registrable Securities covered by the Prospectus and any amendment or supplement thereto during the Effectiveness Period.

(h) Prior to any offering of Registrable Securities pursuant to the Shelf Registration Statement, the Company shall (i) register or qualify or cooperate with the Holder and its counsel in connection with the registration or qualification of such Registrable Securities for offer and sale under the securities or "blue sky" laws of such jurisdictions within the United States as the Holder may reasonably request, (ii) keep such registrations or qualifications in effect and comply with such laws so as to permit the continuance of offers and sales in such jurisdictions for so long as may be necessary to enable the Holder to complete its distribution of Registrable Securities pursuant to the Shelf Registration Statement, and (iii) take any and all other commercially reasonable actions necessary or advisable to enable the disposition in such jurisdictions of such Registrable Securities; provided, however, that in no event shall the Company be obligated to (A) qualify as a foreign corporation or as a dealer in securities in any jurisdiction where it would not otherwise be required to so qualify but for this Section 3(h) or (B) file any general consent to service of process in any jurisdiction where it is not as of the date hereof so subject.

(i) Unless any Registrable Securities shall be in book-entry only form, the Company shall cooperate with the Holder to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold pursuant to the Shelf Registration Statement, which certificates, if so required by any securities exchange upon which any Registrable Securities are listed, shall be penned, lithographed or engraved, or produced by any combination of such methods, on steel engraved borders, and which certificates shall be free of any restrictive legends and in such permitted denominations and registered in such names as the Holder may request in connection with the sale of Registrable Securities pursuant to the Shelf Registration Statement.

(j) Upon the occurrence of any event or the existence of any state of facts contemplated by Section 3(c)(v) above, the Company shall promptly prepare a post-effective amendment to the Shelf Registration Statement or an amendment or supplement to the related Prospectus or file any other required document so that, as thereafter delivered to purchasers of the Registrable Securities included therein, the Prospectus will not include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If the Company notifies the Holder of the occurrence of any event or the existence of any state of facts contemplated by Section 3(c)(v) above, the Holder shall suspend the use of the Prospectus until the requisite changes to the Prospectus have been made.

(k) The Company shall use its commercially reasonable efforts to comply with all applicable Rules and Regulations.

(l) The Company will use its commercially reasonable efforts to cause the Registrable Securities to be listed on the New York Stock Exchange or other stock exchange or trading system on which the Common Stock primarily trades on or prior to the Effective Time of the Shelf Registration Statement hereunder.

(m) The Company shall use its commercially reasonable efforts to take all other steps necessary to effect the registration of the Registrable Securities.

(n) The Company shall: (A) make reasonably available for inspection by the Holder, and any attorney, accountant or other agent retained by the Holder, all relevant financial and other records, pertinent corporate documents and properties of the Company and its subsidiaries, and (B) cause the Company’s officers, directors and employees to supply all information reasonably requested by such Holder or any such attorney, accountant or agent in connection with the Shelf Registration Statement, in each case, as is customary for similar due diligence examinations; provided, however, that all records, information and documents that are designated in writing by the Company, in good faith, as confidential shall be kept confidential by the Holder and any such attorney, accountant or agent, unless such disclosure is made in connection with a court proceeding or required by law, or such records, information or documents become available to the public generally or through a third party without an accompanying obligation of confidentiality; and provided, further, that if the foregoing inspection and information gathering would otherwise disrupt the Company’s conduct of its business, such inspection and information gathering shall, to the greatest extent possible, be coordinated on behalf of the Holder and the other parties entitled thereto by one counsel designated by and on behalf of the Holder and other parties.

(o) In the event that any broker-dealer registered under the Exchange Act shall be an “affiliate” (as defined in Rule 2720(b)(1) of the FINRA Rules (or any successor provision thereto)) of the Company or has a “conflict of interest” (as defined in Rule 2720(b)(7) of the FINRA Rules (or any successor provision thereto)) and such broker-dealer shall assist in the distribution of any Registrable Securities covered by the Shelf Registration Statement, whether as a placement or sales agent or a broker or dealer in respect thereof, or otherwise, the Company shall assist such broker-dealer in complying with the requirements of the FINRA Rules, including, without limitation, by providing such information to such broker-dealer as may be required in order for such broker-dealer to comply with the requirements of the FINRA Rules.

(p) The Company shall use its commercially reasonable efforts to take all other steps necessary to effect the registration, offering and sale of the Registrable Securities covered by the Shelf Registration Statement contemplated hereby.

4. *Registration Expenses.* Except as otherwise provided in Section 3, the Company shall bear all fees and expenses incurred in connection with the performance of its obligations under Sections 2 and 3 hereof and shall bear or reimburse the Holder for the reasonable fees and disbursements of a single counsel up to an aggregate amount of $25,000. The Holder shall pay all discounts and commissions and transfer taxes, if any, relating to the sale or disposition of the Holder's Registrable Securities pursuant to the Shelf Registration Statement.

5. *Indemnification and Contribution.*

(a) *Indemnification by the Company.* Upon the registration of the Registrable Securities pursuant to Section 2 hereof, the Company shall indemnify and hold harmless the Holder and each selling agent or other securities professional, if any, which facilitates the disposition of Registrable Securities, and each of their respective officers and directors and each person who controls such Holder, selling agent or other securities professional within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (each such person being sometimes referred to as an "*Indemnified Person*") against any losses, claims, damages or liabilities, joint or several, to which such Indemnified Person may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Shelf Registration Statement under which such Registrable Securities are to be registered under the Securities Act, or any Prospectus contained therein or furnished by the Company to any Indemnified Person, or any amendment or supplement thereto (including, without limitation, any "issuer free writing prospectus" as defined in Rule 433), or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Company hereby agrees to reimburse such Indemnified Person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that the Company shall not be liable to any such Indemnified Person in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such Shelf Registration Statement or Prospectus, or amendment or supplement (including, without limitation, any "issuer free writing prospectus" as defined in Rule 433), in reliance upon and in conformity with written information furnished to the Company by an Indemnified Person expressly for use therein.

(b) *Indemnification by the Holder and any Agents.* The Holder agrees, and each selling agent or other securities professional, if any, which facilitates the disposition of Registrable Securities shall agree, as a consequence of facilitating such disposition of Registrable Securities, severally and not jointly, to (i) indemnify and hold harmless the Company, its directors, officers who sign any Shelf Registration Statement and each person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, against any losses, claims, damages or liabilities to which the Company or such other persons may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in such Shelf Registration Statement or Prospectus, or any amendment or supplement (including, without limitation, any "issuer free writing prospectus" as defined in Rule 433), or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Holder, selling agent or other securities professional expressly for use therein, and (ii) reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that the Holder shall not be required to undertake liability to any person under this Section 5(b) for any amounts in excess of the dollar amount of the proceeds to be received by the Holder from the sale of such Holder's Registrable Securities pursuant to such registration.

(c) *Notices of Claims, Etc.* Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party under this Section 5, notify such indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve the indemnifying party from any liability which the indemnifying party may have to any indemnified party otherwise than under the indemnification provisions of or contemplated by subsection (a) or (b) above. In case any such action shall be brought against any indemnified party and the indemnified party shall notify an indemnifying party of the commencement thereof, such indemnifying party shall be entitled to participate therein and, to the extent that the indemnifying party shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and, after notice from the indemnifying party to such indemnified party of the indemnifying party's election so to assume the defense thereof, such indemnifying party shall not be liable to such indemnified party under this Section 5 for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) in the case where the indemnified party is an actual party to such action or claim, includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to, or an admission of, fault, culpability or a failure to act, by or on behalf of any indemnified party.

(d) *Contribution*. If the indemnification provided for in this Section 5 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the indemnifying party and the indemnified party in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or by such indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5(d) were determined by pro rata allocation (even if the Holder or any selling agents or other securities professionals or all of them were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 5(d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The obligations of the Holder and any selling agents or other securities professionals in this Section 5(d) to contribute shall be several in proportion to the percentage of principal amount of Registrable Securities registered by them and not joint.

(e) Notwithstanding any other provision of this Section 5, in no event will (i) the Holder be required to undertake liability to any person under this Section 5 for any amounts in excess of the dollar amount of the proceeds to be received by the Holder from the sale of such Holder's Registrable Securities (after deducting any fees, discounts and commissions applicable thereto) pursuant to any Shelf Registration Statement under which such Registrable Securities are to be registered under the Securities Act and (ii) any selling agent or other securities professional be required to undertake liability to any person hereunder for any amounts in excess of the discount, commission or other compensation payable to such selling agent or other securities professional with respect to the Registrable Securities distributed by it to the public.

(f) The obligations of the Company under this Section 5 shall be in addition to any liability which the Company may otherwise have to any Indemnified Person and the obligations of any Indemnified Person under this Section 5 shall be in addition to any liability which such Indemnified Person may otherwise have to the Company. The remedies provided in this Section 5 are not exclusive and shall not limit any rights or remedies which may otherwise be available to an indemnified party at law or in equity.

6. *Miscellaneous.*

(a) *Other Registration Rights.* The Company may not grant registration rights that would permit any person that is a third party the right to piggy-back on any Shelf Registration Statement.

(b) *Specific Performance.* The parties hereto acknowledge that there would be no adequate remedy at law if the Company fails to perform any of its obligations hereunder and that the Holder from time to time may be irreparably harmed by any such failure, and accordingly agree that the Holder, in addition to any other remedy to which it may be entitled at law or in equity and without limiting the remedies available to the Holder under any other section hereof, shall be entitled to compel specific performance of the obligations of the Company under this Agreement in accordance with the terms and conditions of this Agreement, in any court of the United States or any State thereof having jurisdiction.

(c) *Amendments and Waivers.* This Agreement, including this Section 7(c), may be amended, and waivers or consents to departures from the provisions hereof may be given, only by a written instrument duly executed by the Company and the Holder.

(d) *Notices.* All notices and other communications provided for or permitted hereunder shall be given as provided in the Purchase Agreement.

(e) *Counterparts.* This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(f) *Headings.* The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(g) *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

(i) *Severability.* In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired or affected thereby, it being intended that all of the rights and privileges of the parties hereto shall be enforceable to the fullest extent permitted by law.

(j) *Survival.* The respective indemnities, agreements, representations, warranties and other provisions set forth in this Agreement or made pursuant hereto shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf the Holder, any director, officer or partner of the Holder, any agent, any director, officer or partner of such agent, or any controlling person of any of the foregoing, and shall survive the transfer and registration of the Registrable Securities of the Holder.

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

CLEVELAND-CLIFFS INC

By: /s/ W. R. Calfee
Name: W. R. Calfee
Title: Executive Vice President—Commercial—
North American Iron Ore

UNITED MINING CO., LTD.

By: /s/ Simon Shi
Name: Simon Shi
Title: Vice President

[Signature Page to Registration Rights Agreement]

Exhibit 31(a)

CERTIFICATION

I, Joseph A. Carrabba, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 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 quarterly 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 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: July 31, 2008

By /s/ Joseph A. Carrabba
Joseph A. Carrabba
Chairman, President and Chief
Executive Officer

Exhibit 31(b)

CERTIFICATION

I, Laurie Brlas, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 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 quarterly 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 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: July 31, 2008

By /s/ Laurie Brlas
Laurie Brlas
Executive Vice President and
Chief Financial Officer

Exhibit 32(a)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Cleveland-Cliffs Inc (the "Company") on Form 10-Q for the period ended June 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), 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-Q 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-Q 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-Q.

Date: July 31, 2008

/s/ Joseph A. Carrabba
Joseph A. Carrabba
Chairman, President and Chief
Executive Officer

Exhibit 32(b)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Cleveland-Cliffs Inc (the “Company”) on Form 10-Q for the period ended June 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the “Form 10-Q”), I, Laurie Brlas, Executive Vice President and Chief Financial 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-Q 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-Q 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-Q.

Date: July 31, 2008

/s/ Laurie Brlas

Laurie Brlas
Executive Vice President and
Chief Financial Officer