

# FORM 4

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

| OMB APPROVAL                                   |           |
|--|-----------|
| OMB Number:                                    | 3235-0287 |
| Estimated average burden hours per response... | 0.5       |

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

## STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

| 1. Name and Address of Reporting Person*<br><b>GALLAGHER DONALD J</b> |                                      | 2. Issuer Name and Ticker or Trading Symbol<br><b>CLEVELAND CLIFFS INC [CLF]</b> |   | 5. Relationship of Reporting Person(s) to Issuer<br>(Check all applicable)<br><input type="checkbox"/> Director <input type="checkbox"/> 10% Owner<br><input checked="" type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below)<br>Pres. N. Am. Iron Ore |   |            |             |   |  |   |
|---|--------------------------------------|--|---|--|---|------------|-------------|---|--|---|
| (Last)  | (First)                              | (Middle)   | 3. Date of Earliest Transaction (Month/Day/Year)<br><b>12/28/2006</b>                   |  |   |            |             |   |  |   |
| 1100 SUPERIOR AVENUE  |                                      |  | 4. If Amendment, Date Original Filed(Month/Day/Year)                                    |  | 6. Individual or Joint/Group Filing(Check Applicable Line)<br><input checked="" type="checkbox"/> Form filed by One Reporting Person<br><input type="checkbox"/> Form filed by More than One Reporting Person |            |             |   |  |   |
| (Street)<br><b>CLEVELAND, OH 44114</b>                                |                                      |  |   |  |   |            |             |   |  |   |
| (City) (State) (Zip)  |                                      |  | <b>Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned</b> |  |   |            |             |   |  |   |
| 1. Title of Security (Instr. 3)                                       | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year)                               | 3. Transaction Code (Instr. 8)  |  | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)   |            |             | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|   |                                      |  | Code  | V  | Amount  | (A) or (D) | Price       |   |  |   |
| Common Stock  | 12/28/2006                           |  | G   |  | 100   | D          | \$ 0<br>(1) | 25,284.024  | D  |   |
| Common Stock  |                                      |  |   |  |   |            |             | 47,887 (2)  | I  | By VNQDC (3)  |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) |   | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) |     | 6. Date Exercisable and Expiration Date (Month/Day/Year) |                 | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|--|--|--------------------------------------|--|--------------------------------|---|---|-----|--|-----------------|---|--|--|--|--|
|  |  |                                      |  | Code                           | V | (A)   | (D) | Date Exercisable   | Expiration Date |   |  |  |  |  |
| Retention Units 2004-2006                  | (4)  |                                      |  |                                |   |   |     | (5)  | (5)             | Common Shares   | 2,760                                      | 2,760 (6)  | D  |  |
| Retention Units 2005-2007                  | (4)  |                                      |  |                                |   |   |     | (7)  | (7)             | Common Shares   | 1,230                                      | 1,230 (8)  | D  |  |
| Retention Units 2006-2008                  | (4)  |                                      |  |                                |   |   |     | (9)  | (9)             | Common Shares   | 1,260                                      | 1,260 (10)   | D  |  |

### Reporting Owners

| Reporting Owner Name / Address | Relationships |           |         |       |
|--------------------------------|---------------|-----------|---------|-------|
|                                | Director      | 10% Owner | Officer | Other |

|   |  |  |                       |  |
|---|--|--|-----------------------|--|
| GALLAGHER DONALD J<br>1100 SUPERIOR AVENUE<br>CLEVELAND, OH 44114 |  |  | Pres. N. Am. Iron Ore |  |
|---|--|--|-----------------------|--|

## Signatures

|  |  |                     |
|--|--|---------------------|
| Donald J. Gallagher                            |  | 01/03/2006          |
| <small>**Signature of Reporting Person</small> |  | <small>Date</small> |

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Disposition of shares as gift requires no dollar amount.
- (2) Held for the benefit of the Reporting Person by the Cleveland-Cliffs Inc Voluntary Non-Qualified Deferred Compensation Plan (VNQDC). The balance shown also includes 115 shares acquired December 1, 2006 (to shareholders of record on November 24, 2006) pursuant to the dividend reinvestment feature of the VNQDC.
- (3) Held for the benefit of the Reporting Person by the VNQDC.
- (4) Convertible into Common Shares on a 1-for-1 basis.  
Represents a grant of Retention Units to the Reporting Person under the Cleveland-Cliffs Inc Long-Term Incentive Program covering the period January 1, 2004 through December 31, 2006 (Incentive Period). Payment of the Retention Units will be made in cash after the completion of the Incentive Period based upon the employment by the Company of the Reporting Person and the market value of a Common Share of the Company on the last day of the Incentive Period.
- (6) On December 30, 2004, the common stock of Cleveland-Cliffs Inc split 2-for-1, resulting in the reporting person's acquisition of 690 additional retention units. On June 30, 2006, the common stock of Cleveland-Cliffs Inc split 2-for-1 again, resulting in the reporting person's acquisition of 1,380 additional retention units.  
Represents a grant of Retention Units to the Reporting Person under the Cleveland-Cliffs Inc Long-Term Incentive Program covering the period January 1, 2005 through December 31, 2007 (Incentive Period). Payment of the Retention Units will be made in cash after the completion of the Incentive Period based upon the employment by the Company of the Reporting Person and the market value of a Common Share of the Company on the last day of the Incentive Period.
- (8) On June 30, 2006, the common stock of Cleveland-Cliffs Inc split 2-for-1, resulting in the reporting person's acquisition of 615 additional retention units.  
Represents a grant of Retention Units to the Reporting Person under the Cleveland-Cliffs Inc Long-Term Incentive Program covering the period January 1, 2006 through December 31, 2008 (Incentive Period). Payment of the Retention Units will be made in cash after the completion of the Incentive Period based upon the employment by the Company of the Reporting Person and the market value of a Common Share of the Company on the last day of the Incentive Period.
- (10) On June 30, 2006, the common stock of Cleveland-Cliffs Inc split 2-for-1, resulting in the reporting person's acquisition of 630 additional retention units.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.