SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For fiscal year ended December 31, 2002

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)	**(I.R.S. Employer Identification No.)**

1100 Superior Avenue, Cleveland, Ohio 44114-2589
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: (216) 694-5700

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class	Name of Each Exchange on Which Registered
Common Shares — par value $1.00 per share	New York Stock Exchange and Chicago Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

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 an accelerated filer (as defined in Exchange Act Rule 12g-2). YES____ NO __X__

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of the Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

As of January 31, 2003, the aggregate market value of the voting and non-voting stock held by non-affiliates of the registrant, based on the closing price of $20.49 per share as reported on the New York Stock Exchange - Composite Index was $198,324,370 (excluded from this figure is the voting stock beneficially owned by the registrant's officers and directors).

The number of shares outstanding of the registrant's $1.00 par value common stock was 10,192,023 as of January 31, 2003.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of registrant's Proxy Statement for the Annual Meeting of Shareholders scheduled to be held May 13, 2003 are incorporated by reference into Part III.

PART I

ITEM 1. BUSINESS.

INTRODUCTION

Cleveland-Cliffs Inc (including its consolidated subsidiaries, the "Company" or "Cliffs") is the successor to business enterprises whose beginnings can be traced to earlier than 1850. The Company's headquarters are at 1100 Superior Avenue, Cleveland, Ohio 44114-2589, and its telephone number is (216) 694-5700.

BUSINESS

The Company is the largest supplier of iron ore pellets in North America. Through subsidiaries, the Company operates and owns interests in five iron ore mines in Michigan, Minnesota and Eastern Canada. The Company sells its share of iron ore production to integrated steel producers, generally pursuant to multi-year sales contracts with various price adjustment provisions.

The Company has repositioned itself from a manager of iron ore mines on behalf of steel company owners to primarily a merchant of iron ore to steel company customers. The Company continues to seek additional investment opportunities in North American iron ore mines.

For information concerning operations of the Company, see material under the heading "Summary of Financial and Other Statistical Data" for the year ended December 31, 2002 in Item 6.

Customers

During 2002, the Company sold 14.7 million tons of iron ore from its interests in five iron ore mines and purchases from others. Sales were to nine North American steel companies and one European steel producer. Sales were predominately under multi-year arrangements. One major contract expired and was not renewed at year-end 2002; no other major multi-year contracts are due to expire before December 31, 2004.

In 2002, the Company negotiated four major sales agreements:

- Algoma Steel Inc. ("Algoma")

  On January 31, the Company entered into a fifteen-year pellet sales agreement that makes the Company the sole supplier of iron ore pellets to Algoma.

- International Steel Group ("ISG")

  In April, the Company entered into a fifteen-year pellet sales agreement with ISG to be the sole supplier of iron ore pellets to the steelmaking operations ISG acquired from The LTV Corporation ("LTV") bankruptcy.

- Rouge Industries Inc. (“Rouge”)

  In July, the Company amended its existing pellet sales agreement with Rouge, which will make the Company the sole supplier of iron ore pellets to Rouge beginning in 2003.

- Ispat Inland Inc. (“Ispat Inland”)

  In December, the Company entered into a twelve-year pellet sales agreement with Ispat Inland, a subsidiary of Ispat International N.V., to supply iron ore pellets in excess of Ispat Inland’s interest in the Empire Mine and its wholly-owned Minorca Mine.

In 2002, the following customers accounted for a total of 64 percent of total revenues:

Customer	Percent of Revenues
ISG	20%
Weirton	19
Algoma	16
Rouge	9
Total	64%

The Company’s sales are influenced by seasonal factors in the first quarter of the year as shipments and sales are restricted by weather conditions on the Great Lakes.

ITEM 2. PROPERTIES.

The Company operates and owns interests in five iron ore mines in North America:

Name and Location	Company's Ownership Interest As of December 31, 2001	2002
Michigan (Marquette Range)		
• Empire Iron Mining Partnership	35.0%	79.0%
• Tilden Mining Company L.C	40.0%	85.0%
Minnesota (Mesabi Range)		
• Hibbing Taconite Company – Joint Venture	15.0%	23.0%
• Northshore Mining Company	100.0%	100.0%
Canada (Newfoundland & Quebec)		
• Wabush Mines – Joint Venture	22.8%	26.8%

The Company increased its ownership in the mines from the steel company owners in 2002 through assumption of the liabilities associated with the mine interests.

Each of the mines contains crushing, concentrating, and pelletizing facilities. The facilities at each site are in satisfactory condition; however, they require routine capital and maintenance expenditures on an on-going basis.

Railroads, one of which is wholly-owned by the Company, link the two mines on the Marquette Range (Empire and Tilden Mines) with Lake Michigan at the loading port of Escanaba and with Lake Superior at the loading port of Marquette. From the Mesabi Range, Hibbing pellets are transported by rail to a shiploading port at Superior, Wisconsin. At Northshore, crude ore is shipped by rail from the mine to processing facilities at Silver Bay, Minnesota. In Canada, there is an open-pit mine and concentrator at Wabush, Labrador, Newfoundland and a pellet plant and dock facility at Pointe Noire, Quebec. At Wabush Mines, concentrates are shipped by rail from the Scully Mine at Wabush to Pointe Noire where they are pelletized for shipment via vessel to Canada, United States and Europe or shipped as concentrates for sinter feed to Europe.

Operations

During 2002, the Company produced 14.7 million tons for its account and 13.2 million tons on behalf of the other steel company owners in the mines. The increase in the Company's production of 6.9 million tons compared to 2001 reflects higher sales volume. Following is a summary of total production and the Company's share:

	Tons In Millions[1]					
	Total Production			Company's Share		
Name and Location	2000	2001	2002	2000	2001	2002
Michigan (Marquette Range)						
• Empire Iron Mining Partnership	7.6	5.7	3.6	1.8	1.7	1.1
• Tilden Mining Company L.C	7.2	6.4	7.9	3.1	2.2	6.7
Minnesota (Mesabi Range)						
• Hibbing Taconite Company – Joint Venture	8.2	6.1	7.7	1.2	.2	1.5
• Northshore Mining Company	4.3	2.8	4.2	4.3	2.8	4.2
Canada (Newfoundland & Quebec)						
• Wabush Mines – Joint Venture	5.9	4.4	4.5	1.4	.9	1.2
Total	33.2[2]	25.4	27.9	11.8	7.8	14.7

(1) Tons are long tons of 2,240 pounds.

(2) Total excludes 7.8 million tons of production associated with LTV Steel Mining Company, which permanently shut-down on January 5, 2001. On October 30, 2001, the Company acquired the assets of LTV Steel Mining Company. The Company does not intend to operate the iron ore mine.

Mine Capacity and Iron Ore Reserves

Following is a table of current annual capacity and economic ore reserves for the Company's iron ore mines. The estimated reserves and full production rates could be affected by, among other things, future industry conditions, geological conditions, and ongoing mine planning. Maintenance of effective production capacity or the ore reserves could require increases in capital and development expenditures. Alternatively, changes in economic conditions or in the expected quality of ore reserves could decrease capacity or mineral reserves. Technological progress could alleviate such factors or increase capacity or ore reserves.

		Tons in Millions[1]		
Name and Location	Type of Ore	Current Annual Capacity	Ore Reserves[2][3]	Operating Continuously Since
Michigan (Marquette Range)				
• Empire Iron Mining Partnership	Magnetite	6.0	63	1963
• Tilden Mining Company L.C	Hematite and Magnetite	7.8	309	1974
Minnesota (Mesabi Range)				
• Hibbing Taconite Company - Joint Venture	Magnetite	8.0	182	1976
• Northshore Mining Company	Magnetite	4.8	340	1989
Canada (Newfoundland & Quebec)				
• Wabush Mines – Joint Venture	Specular Hematite	6.0	94	1965
TOTAL		32.6	988	

(1) Tons are long tons of 2,240 pounds.

(2) Estimated standard equivalent pellets, including both proven and probable reserves.

(3) Cliffs regularly evaluates its ore reserve estimates and updates them as required in accordance with SEC Industry Guide 7. Significant reductions were made to the ore reserves at Empire and Wabush Mines in the fourth quarter of 2002 due to increasing mining and processing costs.

With respect to the Empire Mine, Cliffs owns directly approximately one-half of the remaining ore reserves and leases the balance of the reserves from their owners; with respect to the Tilden Mine, Cliffs owns all of the ore reserves; with respect to the Hibbing Mine, Northshore Mine and Wabush Mines, ore reserves are owned by others and leased or subleased directly to those mines.

Discontinued Operation

In the fourth quarter of 2002, the Company decided to exit the ferrous metallics business and abandon its 82 percent investment in Cliffs and Associates Limited ("CAL"), an HBI facility located in Trinidad and Tobago.

COMPETITION

The Company is in competition with several iron ore producers, including Iron Ore Company of Canada, Quebec Cartier Mining Company, Minntac, and Evtac Mining Company, as well as steel companies which own interests in iron ore mines and/or have excess iron ore. Significant amounts of iron ore have, since the early 1980s, been shipped to the United States from Brazil and Venezuela in competition with iron ore produced by the Company.

Other competitive forces have become large factors in the iron ore business. With respect to a significant portion of steelmaking in North America, electric furnaces built by "minimills" have replaced the use of iron ore pellets with scrap metal in the steelmaking process. Imported steel slabs also replace the use of iron ore pellets in producing finished steel products. Imported steel produced from iron ore supplied by international competitors also competes with the Company's iron ore pellets. Imported steel, and particularly imported slabs, had a significant impact on steelmaking in the United States, which has adversely affected the demand for iron ore pellets.

Competition among the sellers of iron ore pellets is predicated upon the usual competitive factors of price, availability of supply, product performance, service and transportation cost to the consumer.

ENVIRONMENT

In the construction of the Company's facilities and in their operation, substantial costs have been incurred and will be incurred to avoid undue effect on the environment. The Company's commitment to environmental preservation resulted in North American capital expenditures of $.8 million in 2001 and $4.0 million in 2002. It is estimated that approximately $2.3 million will be spent in 2003 for capital environmental control facilities.

Generally, various legislative bodies and federal and state agencies are continually promulgating numerous new laws and regulations affecting the Company, its customers, and its suppliers in many areas, including waste discharge and disposal; hazardous classification of materials, products, and ingredients; air and water discharges; and many other matters. Although the Company believes that its environmental policies and practices are sound and does not expect a material adverse effect of any current laws or regulations, it cannot predict the collective adverse impact of the expanding body of laws and regulations.

The iron ore industry has been identified by the U.S. Environmental Protection Agency ("EPA") as an industrial category that emits pollutants established by the 1990 Clean Air Act Amendments. These pollutants included over 200 substances that are now classified as hazardous air pollutants ("HAP"). The EPA is required to develop rules that would require major sources of HAP to utilize Maximum Achievable Control Technology ("MACT") standards for their emissions. The EPA published a Proposed Rule on December 18, 2002, and is scheduled to issue a Final Rule in August 2003, and require compliance by 2006. The projected costs to the Company, including capital expenditures, to meet the proposed MACT standards, as currently proposed, could be approximately $15 million.

For additional information on the Company's environmental matters, see Note 5 in the Notes to the Company's Consolidated Financial Statements for the year ended December 31, 2002.

EMPLOYEES

As of December 31, 2002, the Company and its ventures had a total of 3,858 employees:

	Salaried	Represented	Total
Mining Operations			
Empire	80	599	679
Hibbing	144	631	775
Northshore	501		501
Tilden	127	677	804
Wabush	152	623	775
LS&I Railroad	21	128	149
Corporate/Support Services	175		175
Total	1,200	2,658	3,858

Hourly employees at the mining operations are represented by the United Steelworkers of America ("United Steelworkers") under collective bargaining agreements. In August 1999, five-year labor agreements were ratified between the Hibbing Taconite, Tilden and Empire Mines and the United Steelworkers covering the period to August 1, 2004. Also, in 1999, an agreement was entered into with the United Steelworkers covering the employees of Wabush Mines, which agreement expires on March 1, 2004. Hourly employees of the LS&I Railroad are represented by six unions with labor agreements expiring at various dates.

ENERGY

Electricity

The Empire and Tilden Mines have electric power supply contracts with Wisconsin Electric Power Company which are effective through 2007. The power supply contracts include an energy price cap and certain power curtailment features.

Electric power for Hibbing Taconite is supplied by Minnesota Power, Inc., under an agreement which continues to December 2008.

Silver Bay Power Company, an indirect subsidiary of the Company, with a 115 megawatt power plant, provides the majority of Northshore's energy requirements, has an interconnection agreement with Minnesota Power, Inc. for backup power, and sells 40 megawatts of excess power capacity to Northern States Power Company. The contract with Northern States Power extends to 2011.

Wabush Mines owns a portion of the Twin Falls Hydro Generation facility which provides power for Wabush's mining operations in Newfoundland. A twenty year agreement with Newfoundland Power, which agreement continues until December 31, 2014, allows an interchange of water rights in return for the power needs for Wabush's mining operations. The Wabush pelletizing operations in Quebec are served by Quebec Hydro on an annual contract.

Process Fuel

The Company has contracts providing for the transport of natural gas for its United States iron ore operations. The Empire and Tilden Mines have the capability of burning natural gas, coal, or, to a lesser extent, oil. Wabush Mines has the capability of burning oil and coke breeze. Hibbing Taconite and Northshore have the capability of burning natural gas and oil. During 2002, the U.S. mines burned natural gas as their primary fuel; however, with high natural gas prices, the pelletizing operations utilized alternate fuels when practicable. Wabush Mines used oil, supplemented with coke breeze.

Any substantial unmitigated interruption of either electric power or process fuel supply could be materially adverse to the Company.

RESEARCH AND DEVELOPMENT

The Company maintains engineering and technical staffs that are engaged in full-time research and development of new iron-bearing products and improvement of existing products at a research facility located in Ishpeming, Michigan.

In April 2002, the Company agreed to participate in Phase II of the Mesabi Nugget Project to construct a pilot plant at the Company's Northshore Mine to test and develop Kobe Steel's technology for converting iron ore into nearly pure iron in nugget form. Other participants in the project include Kobe Steel, Ltd., Steel Dynamics, Inc., Ferrometrics, Inc. and the State of Minnesota.

ITEM 3. LEGAL PROCEEDINGS.

The Company and certain of its subsidiaries are involved in various claims and ordinary routine litigation incidental to their businesses, including claims relating to the exposure of asbestos and silica to seamen who sailed on the Great Lakes vessels formerly owned and operated by subsidiaries of the Company. The full impact of these claims and proceedings in the aggregate continues to be unknown. The Company continues to monitor its claims and litigation expense, but believes that resolution of currently pending claims and proceedings are unlikely in the aggregate to have a material adverse effect on the Company's financial position.

(a) Maritime Asbestosis Litigation

The Cleveland-Cliffs Iron Company and/or The Cleveland-Cliffs Steamship Company, or both, which are subsidiaries of the Company (collectively "Cliffs Entities"), have been named defendants in 478 actions brought during the years 1986 to date by former seamen (or their administrators) in which the plaintiffs claim damages under Federal law for illnesses allegedly suffered as the result of exposure to airborne asbestos fibers while serving as crew members aboard the vessels previously owned or managed by the Cliffs Entities until the mid-1980s. In a significant majority of the cases, the Cliffs Entities are co-defendants with a number of other shipowners whose employees worked on the Cliffs Entities' vessels and the vessels of such other shipowners, as well as shipyards and manufacturers of asbestos containing products. The general understanding among shipowners is that any liability in these cases will be divided according to the proportion of time served by such seamen on the respective owners' vessels. All these actions have been consolidated into multidistrict proceedings in the Eastern District of

Pennsylvania, whose docket now includes a total of over 30,000 maritime cases filed by seamen against shipowners and other defendants. All of these cases have been administratively dismissed without prejudice, but can be reinstated upon application by plaintiff's counsel. The claims against the Cliffs Entities are insured, subject to self-insured retentions by the insureds in amounts that vary by policy year; however, the manner in which these retentions will be applied remains uncertain. The Cliffs Entities continue to vigorously contest these claims and have made no settlements on these claims.

(b) Milwaukee Solvay Coke

The EPA has conducted an investigation of structures, soil and groundwater at the former Milwaukee Solvay Coke plant site in Milwaukee, Wisconsin. This plant was last operated by a predecessor of the Company during the years 1973 to 1983, which predecessor was acquired by the Company in 1986. Based upon the results of this investigation, in the second quarter of 2002, the EPA determined that a removal action should be conducted on the property with respect to the contents of certain above ground storage tanks and various sections of alleged asbestos containing materials on pipes and other parts of structures located on the property. In September 2002, the Company received from EPA a draft of a proposed Administrative Consent Order limited to the removal of these areas of contaminants and reimbursement of its costs. In January 2003, the Company completed the sale of the plant site and property to a third party who will assume obligations for both removal under the Administrative Consent Order with the EPA ("Consent Order"), which Consent Order was executed by the Company and the third party, and remediation. As a result, the Company has substantially eliminated its obligations related to this site, and has adjusted its December 31, 2002 reserve accordingly.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

Name	Position with the Company as of February 3, 2003	Age
J. S. Brinzo	Chairman and Chief Executive Officer	61
D. H. Gunning	Vice Chairman	60
T. J. O'Neil	President and Chief Operating Officer	62
W. R. Calfee	Executive Vice President-Commercial	56
E. C. Dowling	Executive Vice President-Operations	47
C. B. Bezik	Senior Vice President-Finance	49
R. L. Kummer	Senior Vice President-Human Resources	46
J. A. Trethewey	Senior Vice President-Business Development	58

There is no family relationship between any of the executive officers of the Company, or between any of such executive officers and any of the Directors of the Company. Officers are elected to serve until successors have been elected. All of the above-named executive officers of the Company were elected effective on the effective dates listed below for each such officer.

The business experience of the persons named above for the last five years is as follows:

J. S. Brinzo	President and Chief Executive Officer, Company, November 10, 1997 to December 31, 1999. Chairman and Chief Executive Officer, Company, January 1, 2000 to date.
D. H. Gunning	Consultant and Private Investor, December 1997 to April 2001. Vice Chairman, Company, April 16, 2001 to date.
T. J. O'Neil	Executive Vice President-Operations, Company, October 1, 1995 to December 31, 1999. President and Chief Operating Officer, Company, January 1, 2000 to date.
W. R. Calfee	Executive Vice President-Commercial, Company, October 1, 1995 to date.
E. C. Dowling	Senior Vice President-Director Process Management and Engineering, Cyprus Amax Minerals Company, September 1996 to April 1998. Senior Vice President-Operations, Company, April 15, 1998 to December 31, 2001. Executive Vice President-Operations, Company, January 1, 2003 to date.

C. B. Bezik	Vice President and Treasurer, Company, October 1, 1995 to November 9, 1997. Senior Vice President-Finance, Company, November 10, 1997 to date.
R. L. Kummer	Director, Human Resources, Kennecott Energy Company, April 1, 1993 to May 31, 1999. Vice President, Human Resources, Government and Public Affairs, Kennecott Energy Company, June 1, 1999 to August 31, 2000. Vice President – Human Resources, Company, September 5, 2000 to December 31, 2002. Senior Vice President – Human Resources, Company, January 1, 2003 to date.
J. A. Trethewey	Vice President-Operations Services, Company, July 1, 1997 to May 31, 1999. Senior Vice President-Operations Services, Company, June 1, 1999 to March 15, 2001. Senior Vice President-Business Development, Company, March 16, 2001 to date.

PART II

ITEM 5. MARKET FOR REGISTRANTS' COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Stock Exchange Information

Cleveland-Cliffs Inc common shares (ticker symbol CLF) are listed on the New York Stock Exchange. The shares are also listed on the Chicago Stock Exchange.

Common Share Price Performance And Dividends

	Price Performance				
	2002		2001		Dividends
	High	**Low**	High	Low	2001
First Quarter	**$22.06**	**$15.80**	$22.38	$13.69	$ .10
Second Quarter	**32.25**	**22.00**	22.45	16.36	.10
Third Quarter	**28.74**	**21.70**	18.85	14.00	.10
Fourth Quarter	**25.35**	**15.70**	18.35	13.65	.10
Year	**32.25**	**15.70**	22.45	13.65	$ .40

At December 31, 2002, the Company had 2,380 shareholders of record.

No dividends were paid in 2002.

Sales of Unregistered Securities

(a) During the year 2002, pursuant to the Cleveland-Cliffs Inc Voluntary Non-Qualified Deferred Compensation Plan ("VNQDC Plan"), the Company sold a total of 418 shares of common stock, par value $1.00 per share, of Cleveland-Cliffs Inc ("Common Shares"), for an aggregate consideration of $10,309.93, to the Trustee of the Trust maintained under the VNQDC Plan, of which 95 shares were sold in the fourth quarter of 2002 and 323 shares were sold previously during the year and reported on the Company's Quarterly Reports on Form 10-Q for the periods ending March 31, June 30, and September 30, 2002. These sales were made in reliance on Rule 506 of Regulation D under the Securities Act of 1933 ("1933 Act") pursuant to an election made by one managerial employee under the VNQDC Plan.

(b) On January 7, 2002, the Company determined to pay the annual bonuses earned by participants under the Company's Management Performance Incentive Plan ("Plan") for services rendered during 2001 in the form of Common Shares of the Company ("Stock Bonus Awards"). The Stock Bonus Awards were reported previously during the year on the Company's Quarterly Report on Form 10-Q for the period ending March 31, 2002. The Stock Bonus Awards were not required to be registered under the Securities Act of 1933 because they were for prior services without additional consideration in a transaction not involving a sale for value within the meaning of Section 2(3) of that Act. The Company's closing stock price of $17.00 per share on February 8, 2002, the date of payment of the Stock Bonus Awards, was used to determine the value of the Stock Bonus Awards. After giving effect to required tax withholding, a total of 62 participants under the Plan received 29,085 Common Shares having an aggregate value of $494,445.

ITEM 6. SELECTED FINANCIAL DATA.

Summary of Financial and Other Statistical Data
Cleveland-Cliffs Inc and Consolidated Subsidiaries

		2002	2001	2000	1999	1998
Financial Data (In Millions, Except Per Share Amounts)						
For The Year						
Operating Earnings (Loss) From Continuing Operations						
- Product Sales and Services		**$ 586.4**	$319.3	$379.4	$316.1	$465.7
- Royalties and Management Fees		**12.2**	29.8	36.5	40.9	36.4
- Total Operating Revenues		**598.6**	349.1	415.9	357.0	502.1
Cost of Goods Sold and Operating Expenses and AS&G Expenses		**606.5**	373.9	384.7	337.8	425.0
Operating Earnings (Loss)		**(7.9)**	(24.8)	31.2	19.2	77.1
Income (Loss) From Continuing Operations		**(66.4)**	(19.5)	26.7	10.5	58.9
Loss From Discontinued Operation		**(108.5)**	(12.7)	(8.6)	(5.7)	(1.5)
Cumulative Effect of Accounting Change Income (Loss) (a)		**(13.4)**	9.3			
Net Income (Loss)		**(188.3)**	(22.9)	18.1	4.8	57.4
Net Income (Loss) Per Common Share — Basic						
From Continuing Operations		**(6.58)**	(1.93)	2.57	0.95	5.23
From Discontinued Operation		**(10.72)**	(1.26)	(0.83)	(0.52)	(0.13)
Cumulative Effect of Accounting Change		**(1.32)**	0.92			
Net Income (Loss) (b)		**(18.62)**	(2.27)	1.74	0.43	5.10
Net Income (Loss) Per Common Share — Diluted						
From Continuing Operations		**(6.58)**	(1.93)	2.55	0.95	5.19
From Discontinued Operation		**(10.72)**	(1.26)	(0.82)	(0.52)	(0.13)
Cumulative Effect of Accounting Change		**(1.32)**	0.92			
Net Income (Loss) (b)		**(18.62)**	(2.27)	1.73	0.43	5.06
Total Assets		**730.1**	825.0	727.8	679.7	723.8
Debt Obligations Effectively Serviced (c)		**67.4**	173.9	74.0	74.7	75.4
Net Cash From (Used By) Continuing Operating Activities		**40.9**	28.9	31.6	(4.8)	89.8
Distributions to Common Shareholders						
Cash Dividends - Per Share			0.40	1.50	1.50	1.45
- Total			4.1	15.7	16.7	16.3
Repurchases of Common Shares				15.6	17.2	11.5
Pro Forma Results Assuming Accounting Change Made Retroactively						
Net Income (Loss)		**(188.3)**	(23.7)	19.1	6.1	58.4
Per Share						
Basic		**(18.62)**	(2.35)	1.84	0.55	5.19
Diluted		**(18.62)**	(2.35)	1.83	0.55	5.15
Iron Ore Production and Sales Statistics (Millions of Gross Tons)						
Production From Iron Ore Mines Managed By The Company		**27.9**	25.4	41.0	36.2	40.3
Company's Share of Iron Ore Production		**14.7**	7.8	11.8	8.8	11.4
Company's Sales Tons		**14.7**	8.4	10.4	8.9	12.1
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) (d)		**31.1**	(0.3)	57.3	33.8	88.6
Earnings Before Interest and Taxes (EBIT) (d)		**(2.8)**	(23.7)	31.9	11.3	68.3
Common Shares Outstanding (Millions)	- Average For Year	**10.1**	10.1	10.4	11.1	11.3
	- At Year-End	**10.1**	10.1	10.1	10.6	11.2
Employees at Year-End (e)		**3,858**	4,302	5,645	5,947	6,029

(a) Effective January 1, 2002 the Company adopted SFAS No.143, " Accounting for Asset Retirement Obligations" and effective January 1, 2001 the Company changed its method of accounting for investment gains and losses on pension assets for the recognition of pension expense.

(b) Results for 2002 include $95.7 million and $52.7 million for impairment charges relating to discontinued operation and impairment of mining assets, respectively. Results for 2000 include an after-tax $9.9 million recovery on an insurance claim, $5.2 million federal income tax credit, and a $7.1 million charge relating to a common stock investment (combined $.77 per share); a $4.4 million ($.39 per share) recovery relating primarily to prior years' state tax refunds; in 1998, federal income tax credit, $3.5 million ($.31 per share); and in 1997 after-tax credits of $8.8 million ($.77 per share).

(c) Includes the Company's share of unconsolidated ventures and equipment acquired on capital leases; includes short-term portion.

(d) EBITDA and EBIT are not presented as substitute measures of operating results or cash flow from operations, but because they are standards utilized by management to measure operating performance.

(e) Includes employees of mining ventures.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Overview

Cleveland-Cliffs Inc (including its consolidated subsidiaries, the "Company" or "Cliffs") is the largest supplier of iron ore pellets in North America. The Company operates five iron ore mines located in Michigan, Minnesota, and Eastern Canada that are capable of producing 32.6 million tons of pellets annually. Cliffs' share of 2003 production capacity is almost 20 million tons, representing about 25 percent of the total pellet capacity in North America. The Company sells most of its pellets to integrated steel companies in the United States and Canada under multi-year contracts that have terms ranging from 3 to 15 years. Sales volume under these contracts is largely dependent on customer requirements, and in most cases, Cliffs is the sole supplier of pellets to the customer. Each contract has a base price that is adjusted over the life of the contract using one or more adjustment factors. Factors that can adjust price include measures of general inflation, steel prices, the international pellet price, and mine operating cost factors, including energy costs.

The steel industry in North America is going through a restructuring process which is expected to ultimately produce a stronger, more productive industry. However, the restructuring process is likely to result in a reduction of integrated steelmaking capacity over time, and thereby reduce iron ore consumption. In order to address the market, Cliffs is focused on improving the competitiveness of its operations. Cliffs' strategy also includes obtaining a larger share of this market by entering into long-term pellet sales contracts, supported by increased mine ownership, as required. Cliffs has repositioned itself from a manager of iron ore mines on behalf of steel company owners to primarily a merchant of iron ore to steel company customers. In 2002, the Company completed the following actions to increase its sales and mine ownerships:

- On January 31, Cliffs converted Algoma Steel Inc. ("Algoma") from a partner to a customer by acquiring Algoma's 45 percent interest in the Tilden Mining Company L.C. ("Tilden") and executing a pellet sales agreement that makes Cliffs the sole supplier of pellets to Algoma for 15 years. The acquisition increased Cliffs' ownership of the Tilden Mine from 40 percent to 85 percent, and increased its share of the mine's annual production capacity from 3.1 million tons to 6.6 million tons.

- In April, Cliffs entered into a 15 year agreement with International Steel Group Inc. ("ISG") to be the sole supplier of iron ore pellets to steelmaking operations which ISG acquired from LTV Corporation ("LTV"). As a result, ISG was the Company's largest customer in 2002, with additional sales volume expected in future years.

- On July 24, the Company amended its pellet sales agreement with Rouge Industries Inc. ("Rouge"), which will make Cliffs the sole supplier of pellets to Rouge beginning in 2003. Sales to Rouge accounted for 9 percent of the Company's revenues in 2002, with volume expected to double in 2003.

- In July, Cliffs acquired an additional 8 percent interest in the Hibbing Mine from Bethlehem Steel Corporation ("Bethlehem") retroactive to January 1, 2002. The acquisition increased the Company's ownership of Hibbing from 15 percent to 23 percent, and increased its share of Hibbing's annual production capacity from 1.2 million tons to 1.8 million tons.

- In August, the Company increased its ownership in the Wabush Mines by about 4 percent, proportionate with the other remaining Canadian owners of Wabush, due to Acme Steel Company's rejection of its interest in bankruptcy.

- On December 31, Cliffs increased its interest in Empire Mining Partnership ("Empire") to 79 percent. Concurrently, the Company executed a 12 year sales agreement for Ispat Inland Inc.'s ("Ispat" or "Ispat Inland"), a subsidiary of Ispat International N.V., pellet requirements which exceed those provided from Ispat's remaining 21 percent interest in the Empire Mine and the Minorca Mine, which is wholly-owned by Ispat.

Iron ore pellet sales in 2002 were a record 14.7 million tons, a 6.3 million ton, or 75 percent increase, from the 8.4 million tons sold in 2001. Sales under new contracts with ISG and Algoma accounted for over 90 percent of the increase in 2002 sales volume.

Iron ore pellet production for Cliffs' account was 14.7 million tons in 2002 versus 7.8 million tons in 2001. The 6.9 million ton, or 88 percent, increase was largely due to the Company's increased ownership of Tilden and the significant reduction of production curtailments in 2002. The 2002 curtailments totaled about 2.6 million tons, or 15 percent of production capacity. In 2001, the curtailments totaled 5.0 million tons, or 40 percent of production capacity.

The major business risk faced by the Company, as it increases its merchant position, is lower customer consumption of iron ore from the Company's mines which may result from competition from other iron ore suppliers; increased use of iron ore substitutes, including imported semi-finished steel; customer rationalization or financial failure; or decreased North American steel production, resulting from increased imports or lower steel consumption. The Company's sales are concentrated with a relatively few number of customers. Unmitigated loss of sales would have a significantly greater impact on operating results and cash flow than revenue, due to the high level of fixed costs in the iron ore mining business in the near-term and the high cost to idle or close mines. In the event of a venture participant's failure to perform, remaining solvent venturers, including the Company, may be required to assume additional fixed costs and record additional material obligations. The premature closure of a mine due to the loss of a significant customer or the failure of a venturer would accelerate substantial employment and mine shutdown costs.

Results Of Operations

In 2002, Cliffs had a net loss of $188.3 million, or $18.62 per share (references to per share earnings are "diluted earnings per share"), versus a net loss for the year 2001 of $22.9 million, or $2.27 per share. Following is a summary of results:

	(In Millions)		
	2002	**2001**	**2000**
Income (loss) from continuing operations before impairment of mining assets	**$ (13.7)**	$ (19.5)	$ 26.7
Impairment of mining assets	**(52.7)**		
Income (loss) from continuing operations	**(66.4)**	(19.5)	26.7
Loss from discontinued operation	**(108.5)**	(12.7)	(8.6)
Cumulative effect of accounting changes	**(13.4)**	9.3	
Net income (loss) - amount	**$ (188.3)**	$ (22.9)	$ 18.1
- per share basic	**$ (18.62)**	$ (2.27)	$ 1.74
- per share diluted	**$ (18.62)**	$ (2.27)	$ 1.73
Average number of shares (in thousands)			
- basic	**10,117**	10,073	10,393
- diluted	**10,117**	10,073	10,439
Operating results from continuing operations			
EBIT*	**$ (2.8)**	$ (23.7)	$ 31.9
EBITDA*	**$ 31.1**	$ (.3)	$ 57.3

* Excludes impairment of mining assets

Operating Results from Continuing Operations

The Company had pre-tax income (loss), before interest, tax, depreciation and amortization from continuing operations, as follows:

	(In Millions)		
	2002	**2001**	**2000**
Income (loss) from continuing operations	**$(66.4)**	$(19.5)	$26.7
Income taxes (credit)	**9.1**	(9.2)	3.2
Pre-tax income (loss) from continuing operations	**(57.3)**	(28.7)	29.9
Impairment of mining assets	**52.7**		
	(4.6)	(28.7)	29.9
Interest expense	**6.6**	8.8	4.9
Interest income	**(4.8)**	(3.8)	(2.9)
Earnings (loss) before interest and taxes ("EBIT")	**(2.8)**	(23.7)	31.9
Depreciation and amortization	**33.9**	23.4	25.4
Earnings (loss) before interest, taxes, depreciation and amortization ("EBITDA")	**$ 31.1**	$ (.3)	$57.3

EBIT and EBITDA are non-GAAP measures utilized by management to measure operating performance.

2002 Versus 2001

The net loss for the year 2002 was $188.3 million, or $18.62 per share, including a loss of $108.5 million from a discontinued operation, a $13.4 million cumulative effect charge related to a change in the Company's accounting method for recognizing estimated future mine closure obligations, and a $52.7 million charge for the impairment of mining assets. The net loss in 2001 of $22.9 million, or $2.27 per share, included a loss from the discontinued operation of $12.7 million and an after-tax credit to income of $9.3 million ($14.3 million pre-tax) related to a change in the Company's accounting method for recognizing gains and losses on pension investments.

The loss before asset impairment, discontinued operation and the cumulative effect of accounting changes was $13.7 million in 2002 versus $19.5 million in 2001. The $5.8 million lower loss reflected improved pre-tax results of $24.1 million partially offset by increased income tax expense, primarily due to establishing a deferred tax valuation allowance in 2002. The improved pre-tax results largely reflect higher sales margins, as follows:

	(In Millions)			
			Increase (Decrease)	
	2002	2001	Amount	Percent
Iron ore pellet sales (tons)	**14.7**	8.4	6.3	75%
Revenues from iron ore sales and services*	**$510.8**	$301.5	$209.3	69%
Cost of goods sold and operating expenses*				
Total	**507.1**	340.9	166.2	49%
Costs of production curtailments	**20.6**	48.0	(27.4)	(57)%
Excluding costs of production curtailments	**486.5**	292.9	$193.6	66%
Sales margin (loss)				
Total	**$ 3.7**	$ (39.4)	$ 43.1	N/M
Excluding costs of production curtailments				
Amount	**$ 24.3**	$ 8.6	$ 15.7	182%
Percent of revenues	**4.8%**	2.9%	1.9%	

* Excludes revenues and expenses of $75.6 million and $17.8 million in 2002 and 2001, respectively, related to freight and minority interest.

Revenues from Iron Ore Sales and Services

Revenues from iron ore sales and services were $510.8 million in 2002, an increase of $209.3 million or 69 percent, from revenues of $301.5 million in 2001. The increase was mainly due to the 6.3 million ton, or 75 percent, increase in pellet sales volume in 2002. The 14.7 million tons sold in 2002 was a record, surpassing the previous record of 12.1 million tons of North American iron ore pellets sold in 1998. The six largest customers accounted for 78 percent of total sales. Sales under new contracts with ISG and Algoma equaled 36 percent of total revenues.

Cost of Goods Sold and Operating Expenses

Cost of goods sold and operating expenses totaled $507.1 million in 2002, an increase of $166.2 million, or 49 percent, from $340.9 million in 2001. Excluding fixed costs related to production curtailments, 2002 costs and expenses were $193.6 million, or 66 percent, higher than 2001, due to higher sales volume.

Sales Margin (Loss)

Sales margin in 2002 was $3.7 million compared to a negative sales margin of $39.4 million in 2001. Excluding fixed costs related to production curtailments, the sales margin was $24.3 million, or 4.8 percent of revenues in 2002, versus $8.6 million or 2.9 percent of revenues, in 2001. The improved sales margin in 2002 reflected operating at a higher percent of capacity and lower costs excluding the impact of production curtailments.

Other Revenues

- Royalties and management fees from partners were $12.2 million in 2002, a decrease of $17.6 million from 2001. The decrease in these revenues, which results from Cliffs' strategy of converting mine partners into customers, was largely attributable to the acquisition of Algoma's 45 percent interest in the Tilden Mine in 2002. The loss of LTV as a partner in Empire and reduced production at Empire in 2002 also contributed to the decrease.

- Interest income of $4.8 million in 2002 was $1.0 million above 2001 income of $3.8 million. The increase reflected higher average cash balances in 2002 and interest earned on "Long-term receivables". Partly offsetting was the impact of lower short-term interest rates in 2002.

- Insurance recoveries in 2002 include a $1.8 million insurance recovery on a 1999 business interruption claim relating to the loss of more than one million tons of pellet sales to Rouge as a result of an explosion at the power plant that supplied Rouge. This finalizes the claim, resulting in a total recovery of $17.5 million, of which $15.3 million occurred in 2000 and $.4 million in 2001. Additionally, in 2002 the Company settled with an insurance provider covering certain environmental sites, resulting in a $1.7 million recovery.

Administrative, Selling and General Expenses

Administrative, selling and general expenses were $23.8 million in 2002, an increase of $8.6 million from expenses of $15.2 million in 2001. The increase in 2002 expenses was mainly due to higher pension expense, increased medical and other post-retirement benefits, and higher incentive compensation, including the effects of the Company's common stock price.

Other Expenses

- Interest expense was $6.6 million in 2002, a decrease of $2.2 million from 2001 interest expense of $8.8 million. The decrease was due to lower interest rates and lower

average borrowings under the revolving credit facility, which was terminated in October 2002. Both years include $4.9 million of interest expense on the senior unsecured notes.

- Other expenses were $8.6 million in 2002, a decrease of $.5 million from 2001 expenses of $9.1 million. The decrease was primarily due to lower restructuring activities in 2002, partly offset by costs related to the Mesabi Nugget Project in 2002.

Income Taxes

The Company uses the liability method whereby income taxes are recognized during the year in which transactions enter into the determination of financial statement income or loss. Deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between financial statement and tax basis of assets and liabilities. The Company assesses the recoverability of its deferred tax assets in accordance with the provisions of SFAS No. 109. The Company is required to record a valuation allowance against deferred tax assets when the Company cannot provide objective evidence that "more likely than not" the deferred tax assets will be utilized before they expire.

During 2002, substantial non-cash losses caused the Company's deferred tax assets to increase to a level that required a deferred tax valuation allowance. Of the $120.6 million allowance, $38.4 million represented deferred tax assets applied directly to shareholders' equity for the other comprehensive loss. The balance was charged to current year results, resulting in net income tax expense of $9.1 million for 2002, with no tax benefit recorded on the minimum pension liability charge, cumulative effect adjustment or discontinued operation in 2002.

The Company is required to maintain a valuation allowance for its net deferred tax assets and net loss carryforwards until sufficient positive evidence exists to support the reversal of the reserve. Until such time, except for potential alternative minimum taxes and minor state, local and foreign tax provisions, the Company will have no reported tax provision net of valuation allowance adjustments. In the event the Company was to determine, based on the existence of sufficient positive evidence, that it would be able to realize its deferred tax assets in the future, an adjustment to the valuation allowance would increase income in the period such determination was made.

Impairment of Mining Assets

As a result of increasing production costs at Empire Mine, revised economic mine-planning studies were completed in the fourth quarter of 2002. Based on the outcome of these studies, the economic ore reserves at Empire were reduced from 116 million tons at December 31, 2001 to 63 million tons of pellets at December 31, 2002. The Company concluded that the assets of Empire were impaired, based on an undiscounted probability-weighted cash flow analysis. The Company recorded an impairment charge of $52.7 million at December 31, 2002 to write-off the carrying value of the long-lived assets of Empire. The Company expects to continue to operate the Empire Mine.

Discontinued Operation

In the fourth quarter of 2002, Cliffs exited the ferrous metallics business and abandoned its 82 percent investment in Cliffs and Associates Limited ("CAL"), an HBI facility located in Trinidad and Tobago. For the year 2002, Cliffs reported a loss from discontinued operation of $108.5 million, consisting of $97.4 million of impairment charges and $11.1 million of idle expense. In

the third quarter of 2002, due to uncertainties concerning the HBI market, operating costs and volume, and startup timing, the Company determined that CAL was impaired. Accordingly, the carrying value of the long-lived assets were written off, resulting in an impairment charge of $95.7 million. In the fourth quarter, the Company wrote off CAL's remaining net current assets of $1.7 million, resulting in total impairment charges of $97.4 million for the year. The Company expects CAL to be liquidated by the CAL creditors, and accordingly, has reflected no ongoing obligations of CAL. Excluding the impairment charges, the loss from CAL was $11.1 million in 2002, an $8.5 million decrease from the $19.6 million pre-tax loss in 2001 ($12.7 million after tax). CAL was idle for the entire year 2002. CAL operated for a portion of 2001 and generated net sales of $11.1 million.

Cumulative Effect of Accounting Changes

Effective January 1, 2002, the Company implemented Statement of Financial Accounting Standards ("SFAS") No. 143 "Asset Retirement Obligations". The statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period incurred. As a result of the change in accounting method, the Company recorded a cumulative effect non-cash charge of $13.4 million, recognized on January 1, 2002 to provide for contractual and legal obligations associated with the eventual closure of its mining operations.

Effective January 1, 2001, the Company changed its method of accounting for gains and losses on pension assets for the calculation of net periodic pension cost. Under the new accounting method, the market value of plan assets reflects unrealized gains and losses from current year performance in the succeeding year. Previously, the Company deferred realized and unrealized gains and losses, recognizing them over a five-year period. The cumulative effect of the accounting change was a non-cash credit to income of $9.3 million ($14.3 million pre-tax) recognized in January 1, 2001.

2001 versus 2000

Net loss for the year 2001 was $22.9 million, or $2.27 per share, including $9.3 million net income from a change in accounting principle and a loss from a discontinued operation of $12.7 million. The cumulative effect of $9.3 million results from a change in the method of accounting for investment gains and losses on pension assets for the calculation of net periodic pension costs. Net income for the year 2000 of $18.1 million, or $1.73 per share, included a loss from the discontinued operation of $8.6 million. Excluding the cumulative effect of a change in accounting method and the discontinued operation, the 2001 loss from continuing operations of $19.5 million represented an earnings decrease of $46.2 million from the 2000 earnings of $26.7 million. The decrease in results from continuing operations of $46.2 million is comprised of lower pre-tax earnings of $58.6 million partially offset by lower income taxes of $12.4 million. The $58.6 million decrease in pre-tax earnings was primarily due to a lower sales margin of $52.8 million, lower insurance recoveries related to the Rouge business interruption claim, $14.9 million, and lower royalty and management fee income, $6.7 million, partially offset by a non-recurring $10.9 million charge in 2000 to recognize the decrease in value of the LTV common stock. Following is a summary:

	(In Millions)			
			Increase (Decrease)	
	2001	2000	Amount	Percent
Iron ore pellet sales (tons)	8.4	10.4	(2.0)	(19)%
Revenue from iron ore sales and services*	$301.5	$363.9	$(62.4)	(17)%
Cost of goods sold and operating expenses*				
Total	340.9	350.5	(9.6)	(2.7)%
Costs of production curtailments	48.0		48.0	N/M
Excluding costs of production curtailments	292.9	350.5	(57.6)	(16.4)%
Sales margin (loss)				
Total	$ (39.4)	$ 13.4	$(52.8)	N/M
Excluding costs of production curtailments				
Amount	$ 8.6	$ 13.4	$ (4.8)	N/M
Percent of revenues	2.9%	3.7%	(.8)%	

* Excludes revenues and expenses of $17.8 million, and $15.5 million in 2001 and 2000, respectively, related to freight.

Revenues from Iron Ore Sales and Services

Revenues from iron ore sales and services were $301.5 million in 2001, a decrease of $62.4 million from 2000. The decrease was primarily due to the 2.0 million ton sales volume decrease, partly offset by a modest increase in average price realization.

Cost of Goods Sold and Operating Expenses

Cost of goods sold and operating expenses totaled $340.9 million in 2001, a $9.6 million decrease from 2000. Included in 2001 cost of goods sold and operating expenses was $48.0 million of idle expense related to production curtailments at the Company's mining ventures, and higher employment costs, primarily related to benefits. Excluding costs of production curtailments, costs and expenses were $57.6 million or 16.4 percent less than 2000.

Sales Margin (Loss)

Total sales margin in 2001 was a negative $39.4 million. Excluding fixed costs related to production curtailments in 2001, sales margin was $8.6 million, or 2.9 percent of revenues, compared to $13.4 million or 3.7 percent in 2000.

Other Revenues

- During 2001, the Company received $.4 million of additional insurance recoveries related to the Rouge business interruption claim, a decrease of $14.9 million from the $15.3 million of proceeds received in 2000.
- Royalty and management fee revenue from partners, decreased $6.7 million, reflecting the production curtailments.
- Other income was $3.1 million higher in 2001, primarily due to gains on the sale of non-strategic assets, principally non-mining lands.

Administrative, Selling and General Expense

Administrative, selling and general expenses decreased about 20 percent, $3.5 million, reflecting employee reductions and other cost-saving initiatives.

Other Expenses

- During 2000, the Company recognized a charge to operations of $10.9 million to reflect the decrease in value of 842,000 shares of LTV common stock. The Company sold the shares by early 2001.
- Interest expense was $3.9 million higher in 2001, reflecting interest on borrowings under the Company's revolving credit facility.
- Other expenses reflect lower business development expense in 2001, largely offset by 2001 restructuring charges of $4.8 million, primarily relating to headcount reductions at the Michigan mines, corporate office, and central service functions.

Income Taxes

Year 2000 income tax expense includes a $5.2 million tax credit reflecting a reassessment of income tax obligations based on current audits of prior years' tax returns.

Discontinued Operation

The pre-tax loss from the discontinued CAL operation, net of minority interest, was $19.6 million in 2001 ($12.7 million after tax), compared to a pre-tax loss of $13.3 million in 2000 ($8.6 million after tax). The increased pre-tax loss of $6.3 million reflected the start-up and commissioning in mid-March of 2001 and the increased Company ownership, 82 percent in 2001 versus 46.5 percent for most of 2000.

Cash Flow and Liquidity

At December 31, 2002, the Company had cash and cash equivalents of $61.8 million. Following is a summary of 2002 cash flow activity:

	(In Millions)
Net cash flow from continuing operations	**$ 40.9**
Repayment of revolving credit facility	**(100.0)**
Repayment on long-term debt	**(15.0)**
Investment in steel companies equity and debt	**(27.4)**
Investment in power-related joint venture	**(6.0)**
Capital expenditures	**(10.6)**
Proceeds from sale of assets	**8.2**
Other	**.3**
Cash used by continuing operations	**(109.6)**
Cash used by discontinued operation	**(12.4)**
Decrease in cash and cash equivalents	**$(122.0)**

Following is a summary of key liquidity measures:

	At December 31 (In Millions)		
	2002	2001	2000
Cash and cash equivalents	**$ 61.8**	$ 183.8	$ 29.9
Available bank credit			100.0
Total liquidity	**$ 61.8**	$ 183.8	$129.9
Cash and cash equivalents	**$ 61.8**	$ 183.8	$ 29.9
Debt	**(55.0)**	(170.0)	(70.0)
Net cash (debt)	**$ 6.8**	$ 13.8	$ (40.1)
Working capital	**$ 95.7**	$ 172.9	$145.8

In October 2002, the Company repaid its $100 million revolving credit facility and terminated the agreement. The Company is evaluating a possible $20 million revolving credit bank facility to provide additional liquidity. In December 2002, the Company paid $15 million on its senior notes, reducing the balance outstanding to $55 million.

The Company received a federal income tax refund in the second quarter of 2002 of $11.6 million, an increase of $7.7 million compared to the December 31, 2001 receivable. The increase was primarily due to the "Job Creation and Worker Assistance Act of 2002" which was enacted by Congress in March 2002 and allowed for the carryback of net operating losses for up to five years; previously the limitation was two years.

The Company anticipates that its share of capital expenditures related to the iron ore business, which was $10.6 million in 2002, will increase to about $30 million in 2003, reflecting the Company's increased ownership. The Company expects to fund its capital expenditures from available cash and current operations.

Capitalization

In December 2002, the Company amended it $70 million senior unsecured note agreement. As part of the fourth quarter negotiations, the Company paid and expensed an amendment fee of $1.2 million. The amended agreement contains various covenants including limitations on incurrence of additional debt, leases, and disposition of assets, and a minimum EBITDA requirement and coverage ratio. The Company was in compliance with the amended covenants at December 31, 2002, and expects to remain in compliance in 2003. The Company made a principal payment of $15 million on December 31, 2002 to reduce the amount outstanding to $55 million at the end of 2002. In addition, scheduled principal payments of $20 million in December, 2003, $20 million in December, 2004 and $15 million in December, 2005 are required. Scheduled payments may be accelerated for realization of excess cash flows and certain asset sales; the notes may be paid off at any time without penalty. The interest rate remains at 7.0 percent through December 15, 2003, increases to 9.5 percent from December 15, 2003 through December 14, 2004, and to 10.5 percent from December 14, 2004 to maturity of the agreement on December 15, 2005.

In the fourth quarter of 2002, the Company repaid the $100 million borrowed on its revolving credit facility and terminated the agreement. The Company had capital lease obligations at December 31, 2002 of $12.3 million, including its unconsolidated share of mining ventures. The Company had no unsecured letters of credit outstanding at December 31, 2002.

Operations and Customers

Sales

The Company's pellet sales were 14.7 million tons in 2002 versus 8.4 million tons in 2001. The increase in pellet sales in 2002 was due to higher demand by the integrated steel industry and new sales agreements in 2002. The Company ended the year 2002 with 3.9 million tons of iron ore pellet inventory, an increase of .9 million tons from 2001, reflecting the Company's increased sales and mine ownership. The Company expects pellet sales in 2003 to approximate production of about 20 million tons. The Company's sales volume is largely committed under multi-year sales contracts, which are subject to changes in customer requirements. Factors impacting the Company's average price realization under various sales contracts include measures of general inflation, steel prices, the international pellet price, and mine operating cost factors, including energy costs.

Customers

In April 2002, the Company signed a long-term agreement to supply iron ore pellets to ISG. The Company is the sole supplier of pellets purchased by ISG for its Cleveland and Indiana Harbor facilities for a 15-year period beginning in 2002. Sales depend on ISG's pellet requirements. The Company invested $13.0 million in the second quarter and $4.4 million in the third quarter in ISG common stock, representing approximately 7 percent of ISG's equity. The investment is being accounted for under the "cost method" and is included in "Other investments."

In July 2002, the Company amended its iron ore pellet sales agreement with Rouge, which provides that the Company will be the sole supplier of iron ore pellets to Rouge. Rouge is expected to purchase in excess of 3 million tons per year beginning in 2003, and has annual minimum obligations through 2007. The Company also loaned $10 million to Rouge on a secured basis, with final maturity in 2007. The loan is classified as "held-to-maturity" and recorded at cost in "Long-term receivables", with periodic interest accruing to "Interest income".

Production

Following is a summary of 2002 and 2001 mine production and Company ownership:

	Company's Ownership December 31		(Million Tons) Company's Share		Total Production	
	2002	2001	2002	2001	2002	2001
Mine						
Empire	79.0%	35.0%	1.1	1.7	3.6	5.7
Hibbing	23.0	15.0	1.5	.2	7.7	6.1
Northshore	100.0	100.0	4.2	2.8	4.2	2.8
Tilden	85.0	40.0	6.7	2.2	7.9	6.4
Wabush	26.8	22.8	1.2	.9	4.5	4.4
Total Production			14.7	7.8	27.9	25.4

The 6.9 million ton increase in the Company's share of 2002 production compared to 2001 reflected Cliffs' increased ownership in four mines and increased production at all mines, except Empire, to meet increased iron ore demand and orders from steel company customers. Empire was idled in the first part of 2002, but operated at capacity in the later part of the year. The Company preliminarily expects total mine production in 2003 to be 32.6 million tons; the Company's share of production is currently expected to be 19.9 million tons to meet sales requirements. Production schedules remain subject to change in pellet demand.

Ownership Increases

Empire Mine

Effective December 31, 2002, the Company increased its ownership in Empire from 35 percent to 79 percent for assumption of all mine liabilities. Under terms of the agreement, the Company has indemnified Ispat Inland from obligations of Empire in exchange for certain future payments to Empire and to the Company by Ispat Inland of $120.0 million, recorded at a present value of $58.8 million at December 31, 2002 ($53.8 million classified as "Long-term receivable" with the balance current) over the 12 year life of a new sales agreement. A subsidiary of Ispat Inland will retain a 21 percent ownership in Empire, for which it has a unilateral right to put to the Company in five years. The Company will become the sole supplier of pellets purchased by Ispat Inland for the term of the sales agreement. As a result of this transaction, the Company's financial position at December 31, 2002 includes consolidation of Empire; previously the Company's investment in Empire had been accounted for utilizing the "equity method" and was included in "Investment in Associated Iron Ore Ventures."

Prior to the foregoing agreement, Ispat Inland and the Company funded total fixed obligations of Empire in proportion to their 40 percent and 35 percent respective ownerships under an interim agreement after a subsidiary of LTV Corporation ("LTV") discontinued meeting its 25 percent Empire ownership obligations in November, 2001. LTV, which had filed for protection under Chapter 11 of the U.S. Bankruptcy Code on December 29, 2000, rejected its Empire ownership in March, 2002.

As a result of increasing production costs, revised economic mine-planning studies were completed in the fourth quarter of 2002. Based on the outcome of these studies, the economic ore reserves at Empire were reduced from 116 million tons at December 31, 2001 to approximately 63 million tons of pellets at December 31, 2002. Subsequently, the Company concluded that the assets of Empire were impaired, based on an undiscounted probability-weighted cash flow analysis. The Company recorded an impairment charge of $52.7 million at December 31, 2002 to write off the recorded carrying value of the long-lived assets of Empire.

Tilden Mine

On January 31, 2002, the Company increased its ownership in Tilden to 85 percent with the acquisition of Algoma's interest in Tilden for assumption of mine liabilities. The acquisition increased the Company's annual production capacity by 3.5 million tons. Concurrently, a sales agreement was executed that made the Company the sole supplier of iron ore pellets purchased by Algoma for a 15-year period.

Hibbing Mine

In July, 2002, the Company acquired (effective retroactive to January 1, 2002) an 8 percent interest in Hibbing from Bethlehem for the assumption of mine liabilities associated with the interest. The acquisition increased the Company's ownership of Hibbing from 15 percent to 23 percent. This transaction reduces Bethlehem's ownership interest in Hibbing to 62.3 percent. In October 2001, Bethlehem filed for protection under Chapter 11 of the U.S. Bankruptcy Code. Bethlehem continues to fund its Hibbing obligations and take iron ore from the mine. At the time of the filing, the Company had a trade receivable of approximately $1.0 million which has been reserved.

Wabush Mines

In August 2002, Acme Steel Company, a wholly-owned subsidiary of Acme Metals Incorporated (collectively "Acme"), which had been under Chapter 11 bankruptcy protection since 1998, rejected its 15.1 percent interest in Wabush. As a result, the Company's interest increased to 26.83 percent. Acme had discontinued funding its Wabush obligations in August 2001.

Effect of Mine Ownership Increases

While none of the increases in mine ownerships during 2002 required cash payments or assumption of debt, the ownership changes resulted in the Company recognizing net obligations of approximately $93 million at December 31, 2002. Obligations totaled approximately $163 million, primarily related to employment and legacy obligations at Empire and Tilden mines, partially offset by non-capital long-term assets, principally the $58.9 million Ispat Inland long term receivable ($5.0 million current).

Other Related Items

The iron ore industry has been identified by the U.S. Environmental Protection Agency ("EPA") as an industrial category that emits pollutants established by the 1990 Clean Air Act Amendments. These pollutants included over 200 substances that are now classified as hazardous air pollutants ("HAP"). The EPA is required to develop rules that would require major sources of HAP to utilize Maximum Achievable Control Technology ("MACT") standards for their emissions. The EPA published a Proposed Rule on December 18, 2002, and is scheduled to issue a Final Rule in August 2003, and require compliance by 2006. The projected costs to the Company, including capital expenditures, to meet the proposed MACT standards, as currently proposed, could be approximately of $15 million.

Five-year labor agreements between the United Steelworkers of America ("USWA") and the Empire, Hibbing, and Tilden mines were ratified in August 1999. The agreements, which were patterned after agreements negotiated by major steel companies, provide employees with improvements in pensions, wages, and other benefits. The agreements also commit the mines and the union jointly to seek operating cost improvements. Wabush Mines in Canada also settled on a five-year contract in July 1999.

On April 4, 2002, the Company signed an agreement to participate in Phase II of the Mesabi Nugget Project. Other participants include Kobe Steel, Ltd., Steel Dynamics, Inc., Ferrometrics, Inc. and the State of Minnesota. A $24 million pilot plant is being constructed at the Company's Northshore Mine to test and develop Kobe Steel's technology for converting iron ore into nearly pure iron in nugget form, with minor funding support provided by the U.S. Department of Energy. The Company's contribution to the project through the pilot plant testing and development phase, is $4.5 million, primarily contributions of in-kind facilities and services. If the pilot plant is successful, construction of a commercial size facility with a capacity range of 300,000 to 700,000 tons annually, could start as early as 2004.

In January 2002, the Company invested $7.4 million ($3.0 million in 2001) in a new joint venture to acquire certain power-related assets in a purchase-leaseback arrangement. The investment, which is included in "Other investments" is accounted for utilizing the "equity method."

Strategic Investments

The Company is pursuing investment opportunities to broaden its scope as a supplier of iron ore pellets to the integrated steel industry through acquisition of additional mining interests. In the normal course of business, the Company examines opportunities to strengthen its position by evaluating various investment opportunities consistent with its strategy. In the event of any future acquisitions or joint venture opportunities, the Company may consider using available liquidity or other sources of funding to make investments.

Pensions and Other Postretirement Benefits

The Company and its unconsolidated ventures offer defined benefit pension plans, defined contribution pension plans and other postretirement benefit plans, primarily consisting of retiree healthcare benefits, as part of a total compensation and benefits program. As of December 31, 2002, the Company and its unconsolidated ventures had combined employment of 3,858 employees and 3,773 retirees, or slightly less than one retiree per active employee.

The defined benefit pension plans are largely noncontributory, and benefits are generally based on employees' years of service and average earnings for a defined period prior to retirement, or a minimum formula. In addition, the Company and its ventures currently provide various levels of retirement health care and life insurance benefits ("Other Benefits") to most full-time employees who meet certain length of service and age requirements (a portion of which are pursuant to collective bargaining agreements). Most U.S. salaried plans require retiree contributions and have deductibles, co-pay requirements, and benefit limits. Most U.S. bargaining unit plans require retiree contributions and co-pays for major medical and prescription coverage. The Company does not provide Other Benefits for approximately 150 U.S. salaried employees hired after January 1, 1993. Other Benefits are provided through programs administered by insurance companies whose charges are based on benefits paid.

Annual contributions to pension plan investment trusts are made within income tax deductibility restrictions in accordance with statutory regulations. In the event of plan termination, the plan sponsors could be required to fund shutdown and early retirement obligations which are not included in the pension benefit obligations.

Assets for Other Benefits include deposits relating to insurance contracts and Voluntary Employee Benefit Association ("VEBA") Trusts for certain mining ventures that are available to fund retired employees' life insurance obligations and medical benefits. The Company's estimated annual contribution to the VEBAs will approximate $3.5 million in 2003 based on production.

As a result of decreasing long-term interest rates, the Company decreased the discount rate used to determined its defined benefit pension and Other Benefits obligations to 6.9 percent at December 31, 2002 from 7.5 percent at December 31, 2001 and 7.75 percent at December 31, 2000.

The Company's assumption of 9 percent returns on pension plan and VEBA assets remains unchanged. The assumption is supported by long-term performance. The 2001 change in accounting method resulted in variances in gains and losses on pension plan assets being fully recognized immediately in the subsequent year's pension expense.

Additionally, as a result of recent experience, the Company increased the medical trend rate assumption it utilized in determining its obligation for Other Benefits. An annual increase in the per capita cost of covered healthcare benefits of 10.0 percent was assumed for 2003 (7.5 percent in 2002) decreasing to an annual rate of 5.0 percent in 2008 and annually thereafter.

Following is a summary of the Company's (and its share of unconsolidated ventures) actual defined benefit pension and Other Benefit expense and funding for the years 2001 and 2002 and estimates for 2003 and 2004 incorporating the changes in assumptions, expected asset returns, existing plan provisions and increased mine ownerships:

	(In Millions)			
	Defined Benefit Pensions		Other Benefits	
	Expense	Funding	Expense	Funding
2001	$ 4.4	$ .4	$15.8	$ 7.7
2002	7.2	1.1	21.5	16.8
2003 Estimated	28.6	2.7	35.3	21.6
2004 Estimated	33.8	10.5	37.9	25.4

Due to the sharp decline in the value of the equity holdings of its various pension trusts, lower interest rates utilized in discounting liabilities, and the Company's increased ownership in mines at December 31, 2002, the Company recorded, in accordance with SFAS No. 87, "Employer's Accounting for Pension", an additional minimum pension liability of $180.4 million, which resulted in a 2002 charge directly to shareholders equity of $109.7 million in 2002. The charge to equity does not run through the "Statement of Operations", and in concept, represents the current state of the pension plans as if they were frozen in time. Additionally, the charge does not affect pension funding requirements in the near term.

Environmental and Closure Obligations

At December 31, 2002, the Company had environmental and closure obligations, including its share of the obligations of ventures, of $95.5 million ($70.6 million at December 31, 2001), of which $9.8 million is current. Payments in 2002 were $8.3 million (2001 — $5.6 million). The obligations at December 31, 2002 include certain responsibilities for environmental remediation sites, $18.3 million, closure of LTV Steel Mining Company ("LTVSMC"), $41.1 million, and obligations for closure of the Company's five operating mines, $36.1 million, reflecting implementation of SFAS No. 143 "Asset Retirement Obligations" effective January 1, 2002.

The LTVSMC closure obligation resulted from an October 2001 transaction where subsidiaries of the Company and Minnesota Power, a business of Allete, Inc. acquired LTV's assets of LTVSMC in Minnesota for $25.0 million (Company share $12.5 million). As a result of this transaction the Company received a payment of $62.5 million from Minnesota Power and assumed environmental and certain facility closure obligations of $50.0 million.

Market Risk

The Company is subject to a variety of market risks, including those caused by changes in commodity prices, foreign currency exchange rates and interest rates. The Company has established policies and procedures to manage such risks; however, certain risks are beyond the control of the Company.

The Company's investment policy relating to its short-term investments (classified as cash equivalents) is to preserve principal and liquidity while maximizing the return through investment of available funds. The carrying value of these investments approximates fair value on the reporting dates.

The Company's mining ventures enter into forward contracts for certain commodities, primarily natural gas, as a hedge against price volatility. Such contracts, which are in quantities expected to be delivered and used in the production process, are a means to limit exposure to price fluctuations. At December 31, 2002, the notional amounts of the outstanding forward contracts were $4.6 million (Company share — $3.7 million), with an unrecognized fair value gain of $1.2 million (Company share — $1.0 million) based on December 31, 2002 forward rates. The contracts mature at various times through April 2003. If the forward rates were to change 10 percent from the year-end rate, the value and potential cash flow effect on the contracts would be approximately $.6 million (Company share — $.5 million).

The Company has $55 million of long-term debt outstanding with a fixed interest rate of 7.0 percent through December 15, 2003, increasing to 9.5 percent through December 15, 2004, and 10.5 percent to maturity on December 15, 2005. A hypothetical increase or decrease of 10 percent from 2002 year-end interest rates would change the fair value of the senior unsecured notes by $.8 million.

A portion of the Company's operating costs related to Wabush Mines are subject to change in the value of the Canadian dollar; however, the Company does not hedge its exposure to changes in the Canadian dollar.

Critical Accounting Policies

Management's discussion and analysis of financial condition and results of operations is based on the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). Preparation of financial statements requires management to make assumptions, estimates and judgments that affect the reported amounts of assets, liabilities, revenues, costs and expenses, and the related disclosures of contingencies. Management bases its estimates on various assumptions and historical experience which are believed to be reasonable; however, due to the inherent nature of estimates, actual results may differ significantly due to changed conditions or assumptions. Management believes that the following critical accounting policies and practices incorporate estimates and judgments have the most significant impact on the Company's financial statements.

Iron Ore Reserves

The Company regularly evaluates its economic iron ore reserves and updates them as required in accordance with SEC Industry Guide 7. The estimated ore reserves could be affected by future industry conditions, geological conditions and ongoing mine planning. Maintenance of effective production capacity or the ore reserve could require increases in capital and development expenditures. Alternatively, changes in economic conditions, or the expected quality of ore reserves could decrease capacity or ore reserves. Technological progress could alleviate such factors or increase capacity or ore reserves. Significant reductions were made to the ore reserves at Empire and Wabush Mines in the fourth quarter of 2002 due to increasing mining and processing costs. The Company uses its ore reserve estimates to determine the mine closure dates utilized in recording the fair value liability for asset retirement obligations. See Note 5 – "Environmental and Mine Closure Obligations" (Mine Closure) in the Notes to Consolidated Financial Statements. Since the liability represents the present value of the expected future obligation, a significant change in ore reserves would have a substantial effect on the recorded obligation. The Company also utilizes economic ore reserves for evaluating potential impairments of mine assets and in determining maximum useful lives utilized to calculate depreciation and amortization of long-lived mine assets. Decreases in ore reserves could significantly affect these items.

Asset Retirement Obligations

The accrued mine closures obligations for the Company's active mining operations reflects the adoption of SFAS No. 143 effective January 1, 2002 to provide for contractual and legal obligations associated with the eventual closure of the mining operations. The Company's obligations are determined based on detailed estimates adjusted for factors that an outside party would consider (i.e., inflation, overhead and profit), which were escalated (at an assumed 3 percent) to the estimated closure dates, and then discounted using a credit adjusted risk free

interest rate of 10.25 percent. The closure date for each location was determined based on the exhaustion date of the remaining iron ore reserves. The estimated obligations are particularly sensitive to the impact of changes in mine lives given the difference between the inflation and discount rates. Changes in the base estimates of legal and contractual closure costs due to changed legal or contractual requirements, available technology, inflation, overhead or profit rates would also have a significant impact on the recorded obligations. See Note 5 – "Environmental and Mine Closure Obligations" (Mine Closure) in the Notes to Consolidated Financial Statements.

Asset Impairment

The Company monitors conditions that indicate that the carry value of an asset or asset group may be impaired. The Company determines impairment based on the asset's ability to generate cash flow greater than its carrying value, utilizing an undiscounted probability-weighted analysis. If the analysis indicates the asset is impaired, the carrying value is adjusted to fair value. The impairment analysis and fair value determination can result in significantly different outcomes based on critical assumptions and estimates including the quantity and quality of remaining economic ore reserves, and future iron ore prices and production costs. See Note 1 – "Operations and Customers" (Empire Mine) and Note 3 – "Discontinued Operation" in the Notes to Consolidated Financial Statements.

Environmental Remediation Costs

The Company has a formal code of environmental protection and restoration. The Company's obligations for known environmental problems at active and closed mining operations and other sites have been recognized based on estimates of the cost of investigation and remediation at each site. If the estimate can only be estimated as a range of possible amounts, with no specific amount being most likely, the minimum of the range is accrued. Management reviews its environmental remediation sites quarterly to determine if additional cost adjustments or disclosures are required. The characteristics of environmental remediation obligations, where information concerning the nature and extent of clean-up activities is not immediately available, or changes in regulatory requirements result in a significant risk of increase to the obligations as they mature. Expected future expenditures are not discounted to present value. Potential insurance recoveries are not recognized until realized.

Employee Retirement Benefit Obligations

Assumptions used in determining the benefit obligations and the value of plan assets for defined benefit pension plans and postretirement benefit plans (primarily retiree healthcare benefits) offered by the Company and its ventures, are evaluated periodically by management in conjunction with outside actuaries. Critical assumptions, such as the discount rate used to measure the benefit obligations, the expected long-term rate of return on plan assets, and the medical care cost trend are reviewed annually. Changes in actuarial assumptions, including discount rates, employee retirement rates, mortality, compensation levels, plan asset investment performance, and healthcare costs, are determined in conjunction with outside actuaries. Changes in actuarial assumptions and/or investment performance of plan assets can have a significant impact on the Company's financial condition due to the magnitude of the Company's retirement obligations. See "Pensions and Other Postretirement Benefits" in this section and Note 8 – "Retirement Related Benefits" in the Notes to Consolidated Financial Statements.

Income Taxes

Income taxes are based on income (loss) for financial reporting purposes and reflect a current tax liability (asset) for the estimated taxes payable (recoverable) in the current year tax return and changes in deferred taxes. Deferred tax assets or liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using enacted tax laws and rates. The Company recorded a valuation allowance in 2002 for its net deferred tax assets and net loss carryforwards in recognition of the uncertainty of their realization. In making the determination to record the valuation allowance, management considered the likelihood of future taxable income and feasible and prudent tax planning strategies to realize deferred tax assets. In the future, if the Company determines that it expect to realize more or less of the deferred tax assets, an adjustment to the valuation allowance will affect income in the period such determination is made. See Note 9 – "Income Taxes" in the Notes to Consolidated Financial Statements.

Forward-Looking Statements

Cautionary Statements

Certain expectations and projections regarding future performance of the Company referenced in this report are forward-looking statements. These expectations and projections are based on currently available financial, economic and competitive data, along with the Company's operating plans, and are subject to certain future events and uncertainties. We caution readers that in addition to factors described elsewhere in this report, the following factors, among others, could cause the Company's actual results in 2003 and thereafter to differ significantly from those expressed.

Steel Company Customers: More than 95 percent of the Company's revenue is derived from the North American integrated steel industry, consisting of fourteen current or potential customers. Of the fourteen companies (not all of whom are current customers or partners of the Company), three companies are in reorganization, and certain others have experienced financial difficulties. The Company's sales are concentrated with a relatively few number of customers. Loss of major sales contracts or the failure of customers to perform under existing arrangements due to financial difficulties could adversely affect the Company. Rejection of major contracts and/or partner agreements by customers and/or partners under provisions related to bankruptcy/reorganization represents a major uncertainty.

Demand for Iron Ore Pellets: Demand for iron ore is a function of the operating rates for the blast furnaces of North American steel companies. The restructuring of the steel industry is likely to result in a reduction of integrated steelmaking capacity over time, and thereby reduce iron ore consumption. Demand for iron ore can be displaced by lower iron production in North America due to imports of finished and semi-finished steel, replacement by electric furnace production, or insufficient resources to reline or adequately maintain blast furnaces. Most of the Company's sales contracts are requirements-based or provide for flexibility of volume above a minimum level.

Mine Operating Risks: The Company's iron ore operations are volume sensitive with a portion of its costs fixed irrespective of current operating levels. Iron ore operations can be affected by unanticipated geological conditions, ore processing changes, availability and cost of key components of production (e.g., labor, electric power and fuel), and weather conditions (e.g., extreme winter weather and availability of process water due to draught).

Mine Closure Risks: Although ore reserves are long-lived, premature closure or reduced operating levels of an iron ore mine could accelerate significant employment legacy costs and environmental closure obligations, and result in asset impairment charges.

Litigation; Taxes; Environmental Exposures: The Company's operations are subject to various governmental, tax, environmental and other laws and regulations, and potentially to claims for various legal, environmental and tax matters. While the Company carries liability insurance which it believes to be appropriate to its businesses, and has provided accounting reserves, in accordance with SFAS No. 5, for such matters which it believes to be adequate, an unanticipated liability or increase in a currently identified liability arising out of litigation, tax, or environmental proceeding could have a material adverse effect on the Company.

The Company has no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

ITEM 7.A. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

(Information regarding Market Risk of the Company is presented under the caption “Market Risk”, which is included in Item 7 and is incorporated by reference and made a part hereof).

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Statement of Consolidated Financial Position
Cleveland-Cliffs Inc and Consolidated Subsidiaries

	(In Millions) December 31	
	2002	2001
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 61.8**	$183.8
Trade accounts receivable — net	**14.1**	19.9
Receivables from associated companies	**9.0**	12.1
Product inventories	**111.2**	84.8
Supplies and other inventories	**73.2**	29.0
Deferred and refundable income taxes	**1.5**	20.9
Other	**29.7**	12.2
TOTAL CURRENT ASSETS	**300.5**	362.7
PROPERTIES		
Plant and equipment	**368.6**	212.1
Minerals	**22.2**	18.6
	390.8	230.7
Allowances for depreciation and depletion	(**111.9**)	(93.3)
Total Continuing Operations	**278.9**	137.4
Discontinued operation (Note 3)		122.9
TOTAL PROPERTIES	**278.9**	260.3
INVESTMENTS IN ASSOCIATED IRON ORE VENTURES	**1.5**	131.7
OTHER ASSETS		
Long-term receivables	**63.9**	
Prepaid pensions		46.1
Intangible pension asset	**31.7**	1.4
Other investments	**27.8**	3.3
Deposits and miscellaneous	**25.8**	19.5
TOTAL OTHER ASSETS	**149.2**	70.3
TOTAL ASSETS	$ **730.1**	$825.0

Statement of Consolidated Financial Position
Cleveland-Cliffs Inc and Consolidated Subsidiaries

	(In Millions) December 31	
	2002	2001
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Borrowings under revolving credit facility	$	$ 100.0
Current portion of long-term debt	**20.0**	
Accounts payable	**54.8**	14.1
Accrued employment costs	**60.1**	13.9
Accrued expenses	**17.6**	24.8
Payables to associated companies	**14.1**	16.0
State and local taxes	**13.2**	8.1
Environmental and mine closure obligations	**9.8**	9.1
Other	**15.2**	3.8
TOTAL CURRENT LIABILITIES	**204.8**	189.8
LONG-TERM DEBT	**35.0**	70.0
POSTEMPLOYMENT BENEFIT LIABILITIES		
Pensions, including minimum pension liability	**151.3**	3.4
Other post-retirement benefits	**109.1**	65.8
	260.4	69.2
ENVIRONMENTAL AND MINE CLOSURE OBLIGATIONS	**84.7**	59.2
OTHER LIABILITIES	**46.0**	36.7
TOTAL LIABILITIES	**630.9**	424.9
MINORITY INTEREST		
Iron ore venture	**19.9**	
Discontinued operation		25.9
SHAREHOLDERS' EQUITY		
Preferred Stock — no par value Class A - 500,000 shares authorized and unissued Class B - 4,000,000 shares authorized and unissued		
Common Shares — par value $1 a share Authorized - 28,000,000 shares; Issued - 16,827,941 shares	**16.8**	16.8
Capital in excess of par value of shares	**69.7**	66.2
Retained income	**288.4**	476.7
Cost of 6,643,730 Common Shares in Treasury (2001 - 6,685,988 shares)	(**182.2**)	(183.3)
Accumulated other comprehensive loss	(**110.7**)	(1.0)
Unearned compensation	(**2.7**)	(1.2)
TOTAL SHAREHOLDERS' EQUITY	**79.3**	374.2
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 730.1**	$ 825.0

See notes to consolidated financial statements.

Statement of Consolidated Operations
Cleveland-Cliffs Inc and Consolidated Subsidiaries

	(In Millions, Except Per Share Amounts) Year Ended December 31		
	2002	2001	2000
REVENUES			
Product sales and services			
Iron ore	**$ 510.8**	$ 301.5	$ 363.9
Freight and minority interest	**75.6**	17.8	15.5
Total product sales and services	**586.4**	319.3	379.4
Royalties and management fees	**12.2**	29.8	36.5
Interest income	**4.8**	3.8	2.9
Insurance recoveries	**3.5**	.4	15.3
Other income	**10.2**	9.8	6.7
Total Revenues	**617.1**	363.1	440.8
COSTS AND EXPENSES			
Cost of goods sold and operating expenses	**582.7**	358.7	366.0
Impairment of mining assets	**52.7**		
Administrative, selling and general expenses	**23.8**	15.2	18.7
Interest expense	**6.6**	8.8	4.9
Loss on common stock investment			10.9
Other expenses	**8.6**	9.1	10.4
Total Costs and Expenses	**674.4**	391.8	410.9
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	**(57.3)**	(28.7)	29.9
INCOME TAXES (CREDIT)	**9.1**	(9.2)	3.2
INCOME (LOSS) FROM CONTINUING OPERATIONS	**(66.4)**	(19.5)	26.7
(LOSS) FROM DISCONTINUED OPERATION (Note 3)	**(108.5)**	(12.7)	(8.6)
INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	**(174.9)**	(32.2)	18.1
CUMULATIVE EFFECT OF ACCOUNTING CHANGE	**(13.4)**	9.3	
NET INCOME (LOSS)	$ **(188.3)**	$ (22.9)	$ 18.1
NET INCOME (LOSS) PER COMMON SHARE — BASIC			
Continuing operations	$ **(6.58)**	$ (1.93)	$ 2.57
Discontinued operation	**(10.72)**	(1.26)	(.83)
Cumulative effect of accounting change	**(1.32)**	.92	
NET INCOME (LOSS)	**$ (18.62)**	$ (2.27)	$ 1.74
NET INCOME (LOSS) PER COMMON SHARE — DILUTED			
Continuing operations	$ **(6.58)**	$ (1.93)	$ 2.55
Discontinued operation	**(10.72)**	(1.26)	(.82)
Cumulative effect of accounting change	**(1.32)**	.92	
NET INCOME (LOSS)	**$ (18.62)**	$ (2.27)	$ 1.73
AVERAGE NUMBER OF SHARES (In thousands)			
Basic	**10,117**	10,073	10,393
Diluted	**10,117**	10,073	10,439

See notes to consolidated financial statements.

Statement of Consolidated Cash Flows
Cleveland-Cliffs Inc and Consolidated Subsidiaries

	(In Millions, Brackets Indicate Cash Decrease) Year Ended December 31		
	2002	2001	2000
CASH FLOW FROM CONTINUING OPERATIONS			
OPERATING ACTIVITIES			
Income (loss) from continuing operations	$ **(66.4)**	$ (19.5)	$ 26.7
Adjustments to reconcile net income (loss) to net cash from operations:			
Impairment of mining assets (Note 1)	**52.7**		
Depreciation and amortization:			
Consolidated	**25.5**	12.6	12.7
Share of associated companies	**8.4**	10.8	12.7
Asset retirement obligation	**1.9**		
Deferred income taxes	**13.9**	(12.8)	9.6
Gain on sale of assets	**(6.2)**	(5.6)	(.7)
Loss on common stock investment			10.9
Other	**(1.8)**	3.8	(.2)
Total before changes in operating assets and liabilities	**28.0**	(10.7)	71.7
Changes in operating assets and liabilities:			
Inventories and prepaid expenses	**(15.2)**	(13.1)	(50.1)
Receivables	**21.6**	37.4	19.1
Payables and accrued expenses	**6.5**	15.3	(9.1)
Total changes in operating assets and liabilities	**12.9**	39.6	(40.1)
Net cash from operating activities	**40.9**	28.9	31.6
INVESTING ACTIVITIES			
Purchase of property, plant and equipment:			
Consolidated	**(8.6)**	(3.2)	(12.7)
Share of associated companies	**(2.0)**	(4.0)	(5.6)
Investment in steel companies equity and debt	**(27.4)**		
Investment in power-related joint venture	**(6.0)**	(3.0)	
Proceeds from sale of assets	**8.2**	11.0	.9
Other		(.7)	(.3)
Net cash (used by) from investing activities	**(35.8)**	.1	(17.7)
FINANCING ACTIVITIES			
Borrowings (repayments) under revolving credit facility	**(100.0)**	100.0	
Repayment of long-term debt	**(15.0)**		
Proceeds from LTVSMC transaction		50.0	
Dividends		(4.1)	(15.7)
Repurchases of Common Shares			(15.6)
Contributions by minority shareholder	**.3**		
Net cash (used by) from financing activities	**(114.7)**	145.9	(31.3)
CASH FROM (USED BY) CONTINUING OPERATION	**(109.6)**	174.9	(17.4)
CASH USED BY DISCONTINUED OPERATION	**(12.4)**	(21.0)	(20.3)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(122.0)**	153.9	(37.7)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**183.8**	29.9	67.6
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 61.8**	$ 183.8	$ 29.9
Taxes paid on income	**$ .5**	$ 6.2	$ 1.0
Interest paid on debt obligations	**$ 6.7**	$ 9.0	$ 4.9

See notes to consolidated financial statements.

Statement of Consolidated Shareholders' Equity
Cleveland-Cliffs Inc and Consolidated Subsidiaries

	(In Millions)						
	Common Shares	Capital In Excess of Par Value of Shares	Retained Income	Common Shares in Treasury	Other Compre-hensive Income (Loss)	Unearned Compen-sation	Total
January 1, 2000	$ 16.8	$ 67.1	$ 501.3	$(171.5)	$ (5.2)	$ (1.2)	$ 407.3
Comprehensive income							
Net income			18.1				18.1
Other comprehensive income							
Unrealized losses on securities					(1.2)		(1.2)
Reclassification adjustment-loss included in net income					6.4		6.4
Total comprehensive income							23.3
Cash dividends — $1.50 a share			(15.7)				(15.7)
Stock and other incentive plans		.1		3.1		(.8)	2.4
Repurchases of Common Shares				(15.6)			(15.6)
Other		.1		.2			.3
December 31, 2000	16.8	67.3	503.7	(183.8)		(2.0)	402.0
Comprehensive loss							
Net loss			(22.9)				(22.9)
Other comprehensive loss							
Minimum pension liability					(1.0)		(1.0)
Total comprehensive loss							(23.9)
Cash dividends — $.40 a share			(4.1)				(4.1)
Stock and other incentive plans		(.9)		.5		.8	.4
Other		(.2)					(.2)
December 31, 2001	**16.8**	**66.2**	**476.7**	**(183.3)**	**(1.0)**	**(1.2)**	**374.2**
Comprehensive loss							
Net loss			**(188.3)**				**(188.3)**
Other comprehensive loss							
Minimum pension liability					**(109.7)**		**(109.7)**
Total comprehensive loss							**(298.0)**
Stock and other incentive plans		**3.5**		**1.1**		**(1.5)**	**3.1**
December 31, 2002	**$ 16.8**	**$ 69.7**	**$ 288.4**	**$(182.2)**	**$(110.7)**	**$ (2.7)**	**$ 79.3**

See notes to consolidated financial statements.

Accounting Policies

Business: The Company is the largest supplier of iron ore pellets to integrated steel companies in North America. The Company manages and owns interests in North American mines and owns ancillary companies providing transportation and other services to the mines.

Basis of Consolidation: The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries ("Company"), including:

- Tilden Mining Company L.C. ("Tilden") in Michigan; consolidated since January 31, 2002, when the Company increased its ownership from 40 percent to 85 percent;
- Empire Iron Mining Partnership ("Empire") in Michigan; consolidated effective December 31, 2002, when the Company increased its ownership from 35 percent to 79 percent;
- 100 percent of Wabush Iron Co. Limited ("Wabush Iron"); consolidated since August 29, 2002 when Acme Steel Company rejected its interest in Wabush Iron; Wabush Iron owns 26.83 percent interest in the Wabush Mines Joint Venture ("Wabush") in Canada.

Intercompany accounts are eliminated in consolidation. At December 31, 2002, "Investments in Associated Iron Ore Ventures" primarily includes Wabush Iron's equity interest in certain Wabush Mines related entities, which the Company does not control. The Company's equity interest in Hibbing Taconite Company ("Hibbing"), an unincorporated Joint Venture in Minnesota, was a net liability at December 31, 2002, and accordingly, was classified as "Payables to associated companies". Cliffs and Associates Limited ("CAL") results are included in "Discontinued Operation" in the Statement of Consolidated Operations. See Note 3 - - Discontinued Operation.

Revenue Recognition: Revenue is recognized on sales of products when title has transferred, and on services when performed. Revenue from product sales includes reimbursement for freight charges ($38.7 million — 2002; $17.8 million — 2001; $15.5 million — 2000) paid on behalf of customers and cost reimbursement of $36.9 million since January 31, 2002 from a minority interest partner for its contractual share of mine costs. Royalty and management fee revenue from venture participants is recognized on production.

Business Risk: The major business risk faced by the Company, as it increases its merchant position, is lower customer consumption of iron ore from the Company's mines which may result from competition from other iron ore suppliers; increased use of iron ore substitutes, including imported semi-finished steel; customers rationalization or financial failure; or decreased North American steel production, resulting from increased imports or lower steel consumption. The Company's sales are concentrated with a relatively few number of customers. Unmitigated loss of sales would have a greater impact on operating results and cash flow than revenue, due to the high level of fixed costs in the iron ore mining business in the near term and the high cost to idle or close mines. In the event of a venture participant's failure to perform, remaining solvent venturers, including the Company, may be required to assume and record additional material obligations. The premature closure of a mine due to the loss of a significant customer or the

failure of a venturer would accelerate substantial employment and mine shutdown costs. See Note 1 — Operations and Customers.

Use of Estimates: The preparation of financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from estimates.

Cash Equivalents: The Company considers investments in highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents.

Derivative Financial Instruments: In the normal course of business, the Company enters into forward contracts for the purchase of commodities, primarily natural gas, which are used in its operations. Such contracts are in quantities expected to be delivered and used in the production process and are not intended for resale or speculative purposes.

Inventories: Product inventories are stated at the lower of cost or market. Cost of iron ore inventories is determined using the last-in, first-out ("LIFO") method. The excess of current cost over LIFO cost of iron ore inventories was $6.5 million and $7.8 million at December 31, 2002 and 2001, respectively. Supplies and other inventories reflect the average cost method.

Iron Ore Reserves: The Company reviews the iron ore reserves based on current expectations of revenues and costs, which are subject to change. Iron ore reserves include only proven and probable quantities of ore which can be economically mined and processed utilizing existing technology. Asset retirement obligations reflect remaining economic iron ore reserves.

Properties: Properties are stated at cost. Depreciation of plant and equipment is computed principally by straight-line methods based on estimated useful lives, not to exceed the estimated economic iron ore reserves. Depreciation is provided over the following estimated useful lives:

Buildings	45 Years
Mining Equipment	10 to 20 Years
Processing Equipment	15 to 45 Years
Information Technology	2 to 7 Years

Depreciation is not adjusted when operations are temporarily idled.

Asset Impairment: The Company monitors conditions that may affect the carrying value of its long-lived and intangible assets when events and circumstances indicate that the carrying value of the assets may be impaired. The Company determines impairment based on the asset's ability to generate cash flow greater than the carrying value of the asset, using an undiscounted probability-weighted analysis. If projected undiscounted cash flows are less than the carrying value of the asset, the assets are adjusted to their fair value. See Note 1 - Operations and Customers and Note 3 — Discontinued Operation.

Repairs and Maintenance: The cost of power plant major overhauls is amortized over the estimated useful life, which is the period until the next scheduled overhaul, generally 5 years. All other planned and unplanned repairs and maintenance costs are expensed during the year incurred.

Income Taxes: Income taxes are based on income (loss) for financial reporting purposes and reflect a current tax liability (asset) for the estimated taxes payable (recoverable) in the current year tax return and changes in deferred taxes. Deferred tax assets or liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using enacted tax laws and rates. A valuation allowance is provided on deferred tax assets if it is determined that it is more likely than not that the asset will not be realized.

Environmental Remediation Costs: The Company has a formal code of environmental protection and restoration. The Company's obligations for known environmental problems at active and closed mining operations, and other sites have been recognized based on estimates of the cost of investigation and remediation at each site. If the cost can only be estimated as a range of possible amounts with no specific amount being most likely, the minimum of the range is accrued. Costs of future expenditures are not discounted to their present value. Potential insurance recoveries have not been reflected in the determination of the liabilities.

Stock Compensation: In accordance with the provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," the Company has elected to continue applying the provisions of Accounting Principles Board Opinion No. 25 and related interpretations in accounting for its stock-based compensation plans. Accordingly, the Company does not recognize compensation expense for stock options when the stock option price at the grant date is equal to or greater than the fair market value of the stock at that date. The following illustrates the pro forma effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123:

	(In Millions)		
	Pro Forma		
	2002	2001	2000
Net income (loss) as reported	**$(188.3)**	$ (22.9)	$18.1
Stock-based employee compensation:			
Add expense included in reported results	**2.0**	.1	.6
Deduct fair value based method	**(2.7)**	(1.0)	(1.6)
Pro forma net income (loss)	**$(189.0)**	$ (23.8)	$17.1
Earnings (loss) per share:			
Basic-as reported	**$(18.62)**	$ (2.27)	$1.74
Basic-pro forma	**$(18.69)**	$ (2.36)	$1.65
Diluted-as reported	**$(18.62)**	$ (2.27)	$1.73
Diluted-pro forma	**$(18.69)**	$ (2.36)	$1.64

The market value of restricted stock awards and performance shares is charged to expense over the vesting period.

Research and Development Costs: Research and development costs, principally relating to the Mesabi Nugget project at the Northshore Mine in Minnesota, are expensed as incurred. Mesabi Nugget project costs of $1.9 million and $.1 million in 2002 and 2001, respectively, were included in “Other expenses”.

Income Per Common Share: Basic income per common share is calculated on the average number of common shares outstanding during each period. Diluted income per common share is based on the average number of common shares outstanding during each period, adjusted for the effect of outstanding stock options, restricted stock and performance shares.

Reclassifications: Certain prior year amounts have been reclassified to conform to current year classifications.

Accounting and Disclosure Changes: Effective January 1, 2001, the Company changed its method of accounting for investment gains and losses on pension assets for the calculation of net periodic pension cost. Previously, the Company utilized a method that deferred and amortized realized and unrealized gains and losses over five years for most pension plans. Under the new accounting method, the market value of plan assets reflects realized and unrealized gains and losses from current year performance in the following year. The Company believes the new method results in improved financial reporting because the method more closely reflects the fair value of its pension assets at the date of reporting. The cumulative effect of this accounting change related to prior years was a one-time non-cash credit to income of $9.3 million ($14.3 million pre-tax) recognized as of January 1, 2001. The effect of the change in accounting was $.1 million of income on year 2001 results. The pro forma effect of this change, as if it had been made for 2000, would be to increase net income $1.8 million or $.17 per share.

Effective January 1, 2002, the Company implemented SFAS No. 143, "Accounting for Asset Retirement Obligations" which addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the related asset retirement costs. The statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred and capitalized as part of the carrying amount of the long-lived asset. When a liability is initially recorded, the entity capitalizes the cost by increasing the carrying value of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, a gain or loss is recorded. The cumulative effect of this accounting change related to prior years was a one-time non-cash charge to income of $13.4 million (net of $3.3 million recorded under the Company's previous mine closure accrual method) recognized as of January 1, 2002. The net effect of the change was $1.9 million of additional expense in year 2002 results. The pro forma effect of this charge, as if it had been made for 2001 and 2000, would be to decrease net income by $.8 million and $.8 million, respectively. (Note 5 — Environmental and Mine Closure Obligation).

In July 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 requires testing of goodwill and intangible assets with indefinite lives for impairment rather than amortizing them. The adoption of this statement in the first quarter of 2002 did not have a significant impact on the Company's financial results.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" which supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." Although retaining many of the provisions of SFAS No. 121, SFAS No. 144 establishes a uniform accounting model for long-lived assets to be disposed. The Company's adoption of this statement in the first quarter of 2002 did not have a significant impact.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" when the liability is incurred and not as a result of an entity's commitment to an exit plan. The statement is effective for exit or disposal activities initiated after December 31, 2002. The adoption of SFAS No. 146 in the first quarter of 2003 is not expected to have a significant impact on the Company's financial results.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation — Transition and Disclosure" an amendment of SFAS No. 123, "Accounting for Stock-Based Compensation." SFAS No. 148, which is effective for years ending after December 15, 2002, provides alternative methods for a voluntary change to the fair value based method of accounting for stock-based employee compensation and requires prominent disclosure about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The Company expects to adopt the fair-value based method in 2003 and is evaluating the alternative transition methods, but does not anticipate that the adoption will have a significant effect on the Company's financial results.

Note 1 — Operations and Customers

During 2002, the Company increased its ownership in four iron ore mines and entered into significant long-term sales agreements with several integrated steel company customers.

Empire Mine

Effective December 31, 2002, the Company increased its ownership in Empire from 35 percent to 79 percent for assumption of mine liabilities. Under terms of the agreement, the Company has indemnified Ispat Inland Inc. ("Ispat Inland"), a subsidiary of Ispat International N. V., from obligations of Empire in exchange for certain future payments to Empire and to the Company by Ispat Inland of $120.0 million, recorded at a present value of $58.8 million at December 31, 2002 ($53.8 million classified as "Long-term receivable" with the balance current) over the 12 year life of a new sales agreement. A subsidiary of Ispat Inland retains a 21 percent ownership in Empire, for which it has the unilateral right to put the interest to the Company in five years. The Company is the sole supplier of pellets purchased by Ispat Inland for the term of the sales agreement. As a result of this transaction, the Company's consolidated results at December 31, 2002 include Empire's financial position; previously the Company's investment in Empire had been accounted for utilizing the "equity method" and was included in "Investment in Associated Iron Ore Ventures."

Prior to the foregoing agreement, Ispat Inland and the Company funded total fixed obligations of Empire in proportion to their 40 percent and 35 percent respective ownerships under an interim agreement after a subsidiary of LTV Corporation ("LTV") discontinued meeting its 25 percent Empire ownership obligations in November, 2001. LTV, which had filed for protection under Chapter 11 of the U.S. Bankruptcy Code on December 29, 2000, rejected its Empire ownership in March, 2002.

As a result of increasing production costs at Empire, revised economic mine-planning studies were completed in the fourth quarter of 2002. Based on the outcome of these studies, the economic ore reserves at Empire were reduced from 116 million tons of pellets at December 31, 2001 to 63 million tons of pellets at December 31, 2002. Subsequently, the Company concluded that the assets of Empire were impaired, based on an undiscounted probability-weighted cash flow analysis. The Company recorded an impairment charge of $52.7 million at December 31, 2002 to write off the recorded carrying value of the long-lived assets of Empire.

Tilden Mine

On January 31, 2002, the Company increased its ownership in Tilden to 85 percent with the acquisition of Algoma Steel Inc.'s ("Algoma") interest in Tilden for assumption of mine liabilities. The acquisition increased the Company's annual production capacity by 3.5 million tons. Concurrently, a sales agreement was executed that made the Company the sole supplier of iron ore pellets purchased by Algoma for a 15-year period.

Hibbing Mine

In July 2002, the Company acquired (effective retroactive to January 1, 2002) an 8 percent interest in Hibbing from Bethlehem Steel Corporation ("Bethlehem") for the assumption of mine liabilities associated with the interest. The acquisition increased the Company's ownership of Hibbing from 15 percent to 23 percent. This transaction reduced Bethlehem's ownership interest in Hibbing to 62.3 percent. In October 2001, Bethlehem filed for protection under Chapter 11 of the U.S. Bankruptcy Code. Bethlehem continues to fund its Hibbing obligations and consume iron ore from the mine. At the time of the filing, the Company had a trade receivable of approximately $1.0 million, which has been reserved.

Wabush Mine

In August 2002, Acme Steel Company, a wholly-owned subsidiary of Acme Metals Incorporated (collectively "Acme"), which had been under Chapter 11 bankruptcy protection since 1998, rejected its 15.1 percent interest in Wabush. As a result, the Company's interest increased from 22.78 percent to 26.83 percent. Acme had discontinued funding its Wabush obligations in August 2001.

Effect of Mine Ownership Increases

While none of the increases in mine ownerships during 2002 required cash payments or assumption of debt, the ownership changes resulted in the Company recognizing net obligations of approximately $93 million at December 31, 2002. Obligations totaled approximately $163 million, primarily related to employment legacy obligations at Empire and Tilden mines, partially offset by non-capital long-term assets, principally the $58.9 million Ispat Inland long-term receivable ($5.0 million current).

Customers

In April 2002, International Steel Group Inc. ("ISG") purchased the principal steelmaking and finishing assets of LTV, and the Company signed a long-term agreement to supply iron ore pellets to ISG. The Company became the sole supplier of pellets purchased by ISG for these facilities for a 15-year period beginning in 2002. Sales over the remainder of the contract term will depend on ISG's pellet requirements. The Company invested $13.0 million in the second quarter and $4.4 million in the third quarter in ISG common stock, representing approximately 7 percent of ISG's equity. The investment is being accounted for under the "cost method" and is included in "Other investments."

In July 2002, the Company amended its iron ore pellet sales agreement with Rouge Industries, Inc. ("Rouge"), which provides that the Company will be the sole supplier of iron ore pellets to Rouge. Rouge is expected to purchase in excess of 3 million tons per year beginning in 2003, and has annual minimum obligations through 2007. The Company also loaned $10 million to Rouge on a secured basis, with final maturity in 2007. The loan is classified as "held-to-maturity" and recorded at cost in "Long-term receivables", with periodic interest accruing to "Interest income."

In January 2002, the Company invested $7.4 million ($3.0 million in 2001) in a new joint venture to acquire certain power-related assets in a purchase-leaseback arrangement. The investment, which is included in "Other investments" is accounted for utilizing the "equity method."

Note 2 — Investments in Associated Iron Ore Ventures

The Company's investments in associated iron ore ventures were $1.5 million, and $131.7 million at December 31, 2002 and 2001, respectively.

The Company's investments at December 31, 2002 primarily consisted of Wabush Iron's equity interest in certain Wabush Mines related entities. The Company's investments in Empire, Tilden and Wabush Iron, previously accounted for as equity investments, have been consolidated as a result of the Company's ownership increases in 2002. The Company's equity interest in Hibbing was a net liability of $5.7 million at December 31, 2002, and accordingly, was reclassified to "Payables to associated companies." The December 31, 2001 investments of $131.7 million were comprised of Tilden, $84.5 million, Empire, $22.5 million, Wabush Iron, $21.0 million and Hibbing, $3.7 million. The increase in Properties (continuing operations) at December 31, 2002 as compared to December 31, 2001 primarily reflected the consolidation of Tilden.

Note 3 — Discontinued Operation

In the fourth quarter of 2002, the Company exited the ferrous metallics business and abandoned its 82 percent investment in CAL, an HBI facility located in Trinidad and Tobago. For the year 2002, the Company reported a loss from discontinued operation of $108.5 million, consisting of $97.4 million of impairment charges and $11.1 million of idle expense. In the third quarter 2002, due to uncertainties concerning the HBI market, operating costs and volume, and startup timing, the Company determined that CAL was impaired. Accordingly, the carrying value of the long-lived assets was written off, resulting in an impairment charge of $95.7 million, net of minority interest. In the fourth quarter, the Company wrote-off its remaining investment in CAL's net current assets of $1.7 million, net of minority interest, resulting in total impairment charges of $97.4 million for the year. The Company expects CAL to be liquidated by the CAL creditors, and accordingly, has reflected no on-going obligations of CAL.

Excluding the impairment charges, the Company's share of idle costs on a pre-tax basis was $11.1 million in 2002 compared to a pre-tax loss of $19.6 million in 2001 ($12.7 million after-tax) and pre-operating expense of $13.3 million in 2000 ($8.6 million after-tax). CAL operated for a portion of 2001 and generated net sales of $11.1 million.

Included in the Statement of Consolidated Financial Position are assets and liabilities of CAL at December 31, 2001, as follows:

Working Capital	
Current assets	$ 10.1
Current liabilities	(13.8)
Working Capital Deficit	(3.7)
Properties	
Plant and equipment	127.3
Allowance for depreciation and amortization	(4.4)
Total Properties	122.9
Minority Interest	(25.9)
Total	$ 93.3

All assets and liabilities of CAL have been eliminated at year-end 2002.

Note 4 — Segment Reporting

In 2002, the Company operated in one reportable segment offering iron products and services to the steel industry. The ferrous metallics segment, which included the Company's CAL operations, was discontinued in 2002.

Included in the consolidated financial statements are the following amounts relating to geographic locations:

	(In Millions)		
	2002	2001	2000
Revenue[1]			
United States	**$448.3**	$328.7	$366.6
Canada	**145.5**	14.1	38.7
Other Countries	**4.8**	6.3	10.6
Total from Continuing Operations	**598.6**	349.1	415.9
Discontinued Operation		11.1	
	$598.6	$360.2	$415.9
Long-Lived Assets[2]			
United States	**$266.0**	$272.9	$296.5
Canada	**12.9**	15.5	15.0
Total from Continuing Operations	**278.9**	288.4	311.5
Discontinued Operation		122.9	119.1
	$278.9	$411.3	$430.6

(1) Revenue is attributed to countries based on the location of the customer and includes both "Product sales and services" and "Royalties and management fees" revenues.

(2) Net properties include Company's share of unconsolidated ventures.

Following is a summary of the Company's significant customers measured as a percent of "Product sales and services" and "Royalties and management fees" revenues from continuing operations:

	Percent of Revenues		
Customer	**2002**	2001	2000
ISG	**20%**		
Weirton Steel Company	**19**	25%	20%
Algoma	**16**	5	6
Rouge	**9**	10	14
AK Steel Company	**7**	14	15
WCI Steel, Inc.	**7**	10	10
LTV		11	3
Others	**22**	25	32
	100%	100%	100%

Note 5 — Environmental and Mine Closure Obligations

At December 31, 2002, the Company, including its share of unconsolidated ventures, had environmental and mine closure liabilities of $95.5 million, of which $9.8 million was classified as current. Payments in 2002 were $8.3 million (2001 — $5.6 million; 2000 — $1.9 million). Following is a summary of the obligations:

	{(In Millions)}	
	2002	2001
Environmental	**$18.3**	$20.1
Mine Closure		
LTV Steel Mining Company	**41.1**	47.2
Operating Mines	**36.1**	3.3
Total Mine Closure	**77.2**	50.5
Total Environmental and Mine Closure	**$95.5**	$70.6

Environmental

Included in the obligation are environmental liabilities of $18.3 million. The Company's obligations for known environmental remediation exposures at active and closed mining operations, and other sites have been recognized based on the estimated cost of investigation and remediation at each site. If the cost can only be estimated as a range of possible amounts with no specific amount being most likely, the minimum of the range is accrued in accordance with SFAS No. 5. Future expenditures are not discounted, and potential insurance recoveries have not been reflected. Additional environmental exposures could be incurred, the extent of which cannot be assessed.

The environmental liability includes the Company's obligations related to seven sites which are independent of the Company's iron mining operations. These include three State and Clean Water Act sites where the Company is named as a potentially responsible party, the Rio Tinto mine site in Nevada, where significant site clean-up activities have taken place, and the Kipling and Deer Lake sites in Michigan.

In 1984, the Company entered into a Consent Judgment with the State of Michigan regarding mercury contamination in Deer Lake. Although the Company has not admitted liability for the alleged contamination, it has been working with the State of Michigan since 1984 to evaluate the environmental and resource impacts of mercury at the site. The Company incurred costs totaling an estimated $2 million since 1984. In 1985, Deer Lake was designated as a "Great Lakes Area of Concern", a designation which identifies the site as a beneficial use impairment to be remediated. The Company has worked closely with the State of Michigan and its Department of Environmental Quality ("MDEQ") in evaluating the nature and sources of mercury at the site. In the fourth quarter of 2002, the Company and MDEQ have come to conceptual agreement on the scale of a remedial action plan, which would not include dredging of the contaminated sediments. Details of the agreement have yet to be negotiated; however, the Company expects that the remediation costs will approximate $3 million.

Additionally, in September 2002, the Company received a draft of a proposed Administrative Consent Order from the United States Environmental Protection Agency for cleanup and reimbursement of costs associated with the Milwaukee Solvay Coke plant site in Milwaukee, Wisconsin. This plant was last operated by a predecessor of the Company during the years 1973 to 1983, which predecessor was acquired by the Company in 1986. In January 2003, the Company completed the sale of the plant site and property to a third party who will assume obligations for both removal under the Administrative Consent Order with the EPA ("Consent Order"), which Consent Order was executed by the Company and the third party, and remediation. As a result, the Company has substantially eliminated its obligations related to this site, and has adjusted its December 31, 2002 reserve accordingly.

Also, the environmental obligation includes non-operating locations in Michigan, including ten former iron ore related sites and twelve leased land sites and miscellaneous remediation obligations at the Company's operating units.

Mine Closure

The mine closure obligation of $77.2 million represents the accrued obligation at December 31, 2002 for the closed operation formerly known as the LTV Steel Mining Company (LTVSMC), $41.1 million, and for the Company's five operating mines. The LTVSMC closure obligation results from an October 2001 transaction where subsidiaries of the Company and Minnesota Power, a business of Allete, Inc. acquired LTV's assets of LTVSMC in Minnesota for $25 million (Company share $12.5 million). As a result of this transaction, the Company received a payment of $62.5 million from Minnesota Power and assumed environmental and certain facility closure obligations of $50.0 million, which at December 31, 2002 have declined to $41.1 million reflecting activity to date.

The accrued closure obligation for the Company's active mining operations of $36.1 million reflects the adoption of SFAS No. 143 effective January 1, 2002 to provide for contractual and legal obligations associated with the eventual closure of the mining operations and the effects of mine ownership increases in 2002. The Company determined the obligations, based on detailed estimates, adjusted for factors that an outside third party would consider (i.e., inflation, overhead and profit), escalated to the estimated closure dates, and then discounted using a credit adjusted risk-free interest rate of 10.25 percent. The closure date, for each location, was determined based

on the exhaustion date of the remaining economic iron ore reserves. The accretion of the liability and amortization of the property and equipment will be recognized over the estimated mine lives for each location. Upon adoption on January 1, 2002, the Company's share of obligation, including its unconsolidated ventures, was a present value liability, $17.1 million, a net increase to plant and equipment, $.4 million, and net cumulative effect charge, $13.4 million. The net cumulative effect charge reflected the offset of $3.3 million of accruals made under the Company's previous mine closure accrual method. The net effect of adopting the asset retirement obligation on January 1, 2002 on current year results was $1.9 million. The pro forma effect, as if it had been made for 2001 and 2000, is as follows:

	(In Millions)	
	Pro forma	
	2001	2000
Net income (loss) as reported	$(22.9)	$18.1
Effect of adoption	(.8)	(.8)
Net income (loss)	$(23.7)	$17.3
Per share (diluted) as reported	(2.27)	1.73
Effect of adoption	(.08)	(.07)
Total	$(2.35)	$1.66

Note 6 — Debt

In December 2002, the Company amended its $70 million senior unsecured note agreement. As part of the negotiation, the Company paid and expensed an amendment fee of $1.2 million. The amended agreement contains various covenants, including limitations on incurrence of additional debt, leases, and disposition of assets, and a minimum EBITDA requirement and coverage ratio. The Company was in compliance with the amended covenants at December 31, 2002. The Company made a principal payment of $15 million on December 31, 2002, to reduce the amount outstanding to $55 million at the end of 2002. In addition, scheduled principal payments of $20 million in December 2003, $20 million in December 2004 and $15 million in December 2005 are required. Scheduled payments may be accelerated for realization of excess cash flows and certain asset sales; the notes may be paid-off at any time without penalty. The interest rate remains at 7.0 percent through December 15, 2003, increases to 9.5 percent from December 15, 2003 through December 14, 2004, and to 10.5 percent from December 14, 2004 to maturity of the agreement on December 15, 2005.

In the fourth quarter 2002, the Company repaid $100 million on its revolving credit facility and terminated the agreement. The Company had no unsecured letters of credit outstanding at December 31, 2002.

Note 7 — Lease Obligations

The Company and its unconsolidated ventures lease certain mining, production, and other equipment under operating leases. The Company's operating lease expense, including its share of unconsolidated ventures, was $25.3 million in 2002, $13.1 million in 2001 and $12.9 million in 2000.

Assets acquired under capital leases by the Company, including its share of unconsolidated ventures, were $22.4 million and $10.1 million, respectively, at December 31, 2002 and 2001. Corresponding accumulated amortization of capital leases included in respective allowances for depreciation was $8.8 million and $5.0 million at December 31, 2002 and 2001, respectively.

Future minimum payments under capital leases and noncancellable operating leases, at December 31, 2002 were:

	(In Millions)			
	Company's Share		Total	
Year Ending December 31	Capital Leases	Operating Leases	Capital Leases	Operating Leases
2003	$ 4.1	$ 24.7	$ 6.5	$ 45.0
2004	3.1	19.4	4.9	34.9
2005	2.0	15.6	3.0	25.7
2006	2.1	11.0	2.7	17.5
2007	2.9	7.3	3.1	10.3
2008 and thereafter	.8	10.8	.8	11.4
Total minimum lease payments	15.0	$ 88.8	21.0	$ 144.8
Amounts representing interest	2.6		3.3	
Present value of net minimum lease payments	$12.4		$17.7	

The Company's share of total minimum lease payments, $103.8 million, is comprised of the Company's consolidated obligation of $84.0 million and the Company's ownership share of unconsolidated ventures' obligations of $19.8 million, principally related to Hibbing and Wabush.

Note 8 — Retirement Related Benefits

The Company and its unconsolidated ventures offer defined benefit pension plans, defined contribution pension plans and other postretirement benefit plans, primarily consisting of retiree healthcare benefits, as part of a total compensation and benefits program. The following table summarizes the costs of these plans:

	(In Millions)		
	2002	2001	2000
Defined benefit pension plans	**$ 7.2**	$ 4.4	$ 5.9
Defined contribution pension plans	**1.9**	2.2	2.4
Other postretirement benefits	**21.5**	15.8	9.9
	$30.6	$ 22.4	$18.2

The defined benefit pension plans are largely noncontributory, and benefits are generally based on employees' years of service and average earnings for a defined period prior to retirement or a minimum formula. In addition, the Company and its unconsolidated ventures currently provide various levels of retirement health care and life insurance benefits ("Other Benefits") to most full-time employees who meet certain length of service and age requirements (a portion of which are pursuant to collective bargaining agreements). Most U.S. salaried plans require retiree contributions and have deductibles, co-pay requirements, and benefit limits. Most U.S. bargaining unit plans require retiree contributions and co-pays for major medical and prescription coverage. The Company does not provide Other Benefits for approximately 150 U.S. salaried employees hired after January 1, 1993. Other Benefits are provided through programs administered by insurance companies whose charges are based on benefits paid.

Due to the sharp decline in the value of the equity holdings of its various pension trusts, lower interest rates utilized in discounting liabilities, and the Company's increased ownership in mines at December 31, 2002, the Company recorded, in accordance with SFAS No. 87, "Employer's Accounting for Pensions", an additional minimum pension liability. The Company's net pension liability of $155.0 million at December 31, 2002 is primarily recorded as "Pensions, including minimum pension liability" of $151.3 million, with minor amounts reflected as equity investments.

The following table presents a reconciliation of funded status of the Company's plans, including its proportionate share of plans of its unconsolidated ventures, at December 31, 2002 and 2001, including the effects of increased mine ownerships in 2002:

(In Millions)

	Pension Benefits		Other Benefits	
	2002	2001	**2002**	2001
Change in plan assets				
Fair value of plan assets at beginning of year	**$ 317.9**	$352.7	**$ 23.2**	$ 24.5
Actual return on plan assets	**(27.2)**	(15.8)	**(4.0)**	(1.1)
Contributions	**1.1**	.4	**2.7**	1.8
Effect of change in mines ownership share	**162.9**		**26.8**	
Benefits paid	**(30.4)**	(19.4)		(2.0)
Fair value of plan assets at end of year	**424.3**	317.9	**48.7**	23.2
Change in benefit obligation				
Benefit obligation at beginning of year	**319.1**	303.5	**175.7**	142.0
Service cost	**8.4**	6.1	**3.4**	2.1
Interest cost	**31.3**	23.2	**15.0**	12.0
Amendments	**.3**		**(13.9)**	
Actuarial losses	**35.0**	6.3	**28.2**	28.4
Effect of change in mines ownership share	**249.1**		**128.5**	
Effect of curtailment and special termination benefits	**.5**	(.6)		(.9)
Benefits paid	**(30.4)**	(19.4)	**(14.1)**	(7.9)
Benefit obligation at end of year	**613.3**	319.1	**322.8**	175.7
Funded status of the plan (underfunded)	**(189.0)**	(1.2)	**(274.1)**	(152.5)
Unrecognized prior service cost (credit)	**33.4**	24.7	**(10.7)**	.6
Unrecognized net actuarial loss	**200.4**	25.5	**145.3**	65.1
Unrecognized net asset at date of adoption	**(14.0)**	(12.5)		
Additional minimum liability	**(185.8)**	(5.4)		
Net prepaid benefit cost (liability)	**$(155.0)**	$ 31.1	**$(139.5)**	$ (86.8)
Amounts recognized in the consolidated statements of financial position including Company's share of unconsolidated ventures consist of:				
Net prepaid benefit cost — (liability)	**$(155.0)**	$ 31.1		
Additional minimum liability	**(185.8)**	(5.4)		
Intangible asset	**33.1**	3.8		
Accumulated other comprehensive loss	**111.3**	1.6		
Effect of change in mines ownership share	**41.4**			
Net amount recognized	**$(155.0)**	$ 31.1		
Assumptions as of December 31				
Discount rate	**6.90%**	7.50%	**6.90%**	7.50%
Expected long-term return on plan assets	**9.00%**	9.00%	**8.64%**	8.78%
Rate of compensation increase — average	**4.19%**	4.25%		

(In Millions)

	Pension Benefits			Other Benefits		
	2002	2001	2000	**2002**	2001	2000
Components of net periodic benefit cost						
Service cost	**$ 8.4**	$ 6.1	$ 5.9	**$ 3.4**	$ 2.1	$ 1.7
Interest cost	**31.3**	23.2	22.6	**15.0**	12.0	9.1
Expected return on plan assets	**(35.0)**	(31.0)	(29.0)	**(3.0)**	(2.1)	(2.1)
Amortization and other	**2.5**	6.1	6.4	**6.1**	3.8	1.2
Net periodic benefit cost	**$ 7.2**	$ 4.4	$ 5.9	**$21.5**	$15.8	$ 9.9

Annual contributions to the pension plans are made within income tax deductibility restrictions in accordance with statutory regulations. In the event of plan termination, the plan sponsors could be required to fund shutdown and early retirement obligations which are not included in the pension benefit obligations. For 2003, the Company, including its share of pension plans of its unconsolidated ventures, estimates net periodic benefit cost to be $28.6 million and cash contributions to be $2.7 million.

The $139.5 million liability for Other Benefits is recorded as $109.1 million of long-term "Other post-retirement benefits," $23.4 million of "Accrued employment costs," with minor amounts reflected in equity investments.

Assets for Other Benefits include deposits relating to insurance contracts and Voluntary Employee Benefit Association ("VEBA") Trusts pursuant to bargaining agreements that are available to fund retired employees' life insurance obligations and medical benefits. The Company's estimated annual contribution to the VEBAs will approximate $3.5 million in 2003 based on production. For 2003, the Company, including its share of Other Benefits plans of its unconsolidated ventures, estimates net periodic benefit cost to be $35.3 million and benefit payments to be $21.6 million.

The Company's assumed annual rate of increase in the per capita cost of covered health care benefits was 10.0 percent for 2003 (7.5 percent in 2002), decreasing 1 percent per year to an annual rate of 5.0 percent for 2008 and annually thereafter. A one percentage point change in this assumption would have the following effects:

	(In Millions)	
	Increase	Decrease
Effect on total service and interest cost components in 2002	$ 4.1	$ (3.2)
Effect on Other Benefits obligation as of December 31, 2002	52.5	(41.2)

While the foregoing reflects the Company's obligation including its proportionate share of unconsolidated mining ventures, total Company exposure in the event of non-performance of other venturers (at Hibbing and Wabush) is potentially greater. Following is a summary comparison of the total obligation including other venturers' proportionate shares versus the Company's share:

	(In Millions) December 31, 2002			
	Company's Share		Total	
	Defined Benefit Pensions	Other Benefits	Defined Benefit Pensions	Other Benefits
Fair value of plan assets	$ 424.3	$ 48.7	$ 556.9	$ 61.0
Benefit obligation	613.3	322.8	785.7	384.4
Underfunded status of plan	$(189.0)	$(274.1)	$(228.8)	$(323.4)
Additional shutdown and early retirement benefits	$ 166.7	$ 68.0	$ 234.4	$ 84.3

Note 9 - Income Taxes

Significant components of the Company's deferred tax assets and liabilities as of December 31, 2002 and 2001 are as follows:

	(In Millions)	
	2002	2001
Deferred tax assets:		
Pensions, including minimum pension liability	**$ 41.9**	
Post-retirement benefits other than pensions	**22.5**	$22.5
Asset retirement obligation — cumulative effect	**4.7**	
Loss carryforwards	**22.7**	32.8
Alternative minimum tax credit carryforwards	**11.8**	2.1
Product inventories	**6.5**	10.2
Other liabilities	**27.3**	18.9
Total deferred tax assets before valuation allowance	**137.4**	86.5
Deferred tax asset valuation allowance	**(120.6)**	
Net deferred tax assets	**16.8**	86.5
Deferred tax liabilities:		
CAL properties	**4.6**	30.4
Investment in ventures	**2.2**	18.2
Properties	**10.0**	10.6
Pensions		4.0
Other		18.7
Total deferred tax liabilities	**16.8**	81.9
Net deferred tax assets	**$ 0**	$ 4.6

The deferred amounts are classified on the balance sheet as current or long-term in accordance with the asset or liability to which they relate.

During 2002, the Company recorded a minimum pension obligation pursuant to SFAS No. 87 and asset retirement obligations pursuant to its adoption of SFAS No. 143. The Company also recorded impairment of its investments in CAL and Empire. The recording of these items caused the Company's net deferred tax asset position to increase to a level that required a deferred tax valuation allowance. A valuation allowance reduces the Company's deferred tax asset in recognition of uncertainty regarding full realization. A portion of the Company's valuation allowance, $82.2 million, was recorded through the tax provision in the statement of operations. The balance, $38.4 million, was recorded directly to shareholders' equity for the valuation allowance related to the future tax benefit on the other comprehensive loss from the minimum pension obligation.

In the future, if the Company determines, based on the existence of sufficient evidence, that it should realize more or less of its net deferred tax assets, an adjustment to the valuation allowance will affect income in the period such determination is made. At December 31, 2002, deferred tax assets before valuation allowance include net operating loss carryforwards of $64.9 million that begin to expire in 2020.

The components and allocation of the Company's income taxes are as follows:

	(In Millions)		
	2002	2001	2000
Income taxes (credits) from operations:			
Current	**$ (4.8)**	$ (3.5)	$(5.9)
Deferred	**13.9**	(12.8)	4.4
	9.1	(16.3)	(1.5)
Cumulative effect of accounting change		5.0	
Income tax expense (credit)	**9.1**	(11.3)	(1.5)
Other comprehensive loss		(.6)	
Total	**$ 9.1**	$(11.9)	$(1.5)

In March 2002, the "Job Creation and Worker Assistance Act of 2002" enacted by Congress increased the carryback period of net operating losses for tax years 2002 and 2001 from two years to five years. As a result, the Company was able to reduce its loss carryforwards. The Company received a cash refund in the second quarter of 2002 of $11.6 million, an increase of $7.7 million compared to the receivable recorded at December 31, 2001.

Reconciliation of the Company's income taxes to the taxes at the United States statutory rate follows:

	(In Millions)		
	2002	2001	2000
Tax at statutory rate of 35 percent	**$(62.7)**	$(12.0)	$ 5.8
Increase (decrease) due to:			
Percentage depletion in excess of cost depletion	**(7.7)**	(2.6)	(5.9)
Non-deductible expense		1.7	.5
Effect of state & foreign taxes	**.2**	.5	(.2)
Prior years' tax adjustments	**(3.6)**	.1	(4.9)
Valuation allowance	**82.2**		
Other items — net	**.7**	1.0	3.2
Income tax expense (credit)	**$ 9.1**	$(11.3)	$(1.5)

Note 10 — Fair Value of Financial Instruments

The carrying amount and fair value of the Company's financial instruments at December 31, 2002 and 2001 were as follows:

	(In Millions)			
	2002		2001	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Cash and cash equivalents	**$ 61.8**	**$61.8**	$183.8	$183.8
Long-term receivable	**53.8**	**53.8**		
Long-term note receivable	**10.0**	**10.0**		
Long-term debt	**55.0**	**55.0**	70.0	66.1
Revolving credit facility			100.0	98.7

At December 31, 2002 and 2001, the Company's U.S. mining ventures had in place forward contracts for the purchase of natural gas in the notional amount of $4.6 million (Company share — $3.7 million) and $11.4 million (Company share — $5.4 million) respectively. The unrecognized fair value gain on the contracts at December 31, 2002, which mature at various times through April 2003, was estimated to be $1.2 million (Company share — $1.0 million) based on December 31, 2002 forward rates.

Note 11 — Stock Plans

The 1992 Incentive Equity Plan, as amended in 1999, authorizes the Company to issue up to 1,700,000 Common Shares to employees upon the exercise of Options Rights, as Restricted Shares, in payment of Performance Shares or Performance Units that have been earned, as Deferred Shares, or in payment of dividend equivalents paid on awards made under the Plan. Such shares may be shares of original issuance, treasury shares, or a combination of both. Stock options may be granted at a price not less than the fair market value of the stock on the date the option is granted, generally are not subject to repricing, and must be exercisable not later than ten years and one day after the date of grant. Common Shares may be awarded or sold to certain employees with disposition restrictions over specified periods.

The 1996 Nonemployee Directors' Compensation Plan authorizes the Company to issue up to 50,000 Common Shares to nonemployee Directors. The Plan was amended effective in 1999 to provide for the grant of 2,000 Restricted Shares to nonemployee Directors first elected on or after January 1, 1999, and also provides that nonemployee Directors must take at least 40 percent of their annual retainer in Common Shares. The Restricted Shares vest five years from the date of award.

The Company recorded expense of $2.0 million in 2002, $.1 million in 2001, and $.9 million in 2000 relating to other stock-based compensation, primarily the Performance Share program.

SFAS No. 123 requires pro forma disclosure of net income and earnings per share as if the fair value method for valuing stock options had been applied. The Company's pro forma information follows:

	2002	2001	2000
Net (loss) income (millions)	**$(189.0)**	$(23.8)	$17.1
Earnings (loss) per share:			
Basic	**$(18.69)**	$(2.36)	$1.65
Diluted	**$(18.69)**	$(2.36)	$1.64

The fair value of these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions for 2002, 2001 and 2000:

	2002	2001	2000
Risk-free interest rate	**4.51%**	4.95%	6.67%
Dividend yield	**3.40%**	3.88%	4.04%
Volatility factor — market price of Company's common stock	**.339**	.277	.241
Expected life of options — years	**4.31**	4.81	4.31
Weighted-average fair value of options granted during the year	**$7.20**	$3.77	$5.93

Compensation costs included in the pro forma information reflect fair values associated with options granted after January 1, 1995. Pro forma information may not be indicative of future pro forma information applicable to future outstanding awards.

Stock option, restricted stock award, deferred stock allocation, and performance share activities under the Company's Incentive Equity Plans, and the Nonemployee Directors' Compensation Plan are summarized as follows:

	2002		2001		2000	
	Shares	**Weighted-Average Exercise Price**	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Stock options:						
Options outstanding at beginning of year	**810,029**	**$ 48.24**	872,697	$48.81	774,242	$51.59
Granted during the year	**25,000**	**28.80**	25,000	17.88	171,950	29.56
Exercised					(28,375)	20.12
Cancelled or expired	(**21,301**)	**37.01**	(87,668)	45.25	(45,120)	41.27
Options outstanding at end of year	**813,728**	**47.94**	810,029	48.24	872,697	48.81
Options exercisable at end of year	**430,135**	**40.84**	369,591	41.91	285,333	43.69
Restricted awards:						
Awarded and restricted at beginning of year	**66,588**		89,414		53,223	
Awarded during the year	**4,106**		9,821		7,112	
Vested			(30,350)		(19,287)	
Cancelled	(**5,937**)		(2,297)			
Issued as performance shares					48,366	
Awarded and restricted at end of year	**64,757**		66,588		89,414	
Performance shares:						
Allocated at beginning of year	**278,200**		212,450		174,950	
Allocated during the year	**160,900**		126,600		85,866	
Issued			(17,788)		(48,366)	
Forfeited/cancelled	(**86,882**)		(43,062)			
Allocated at end of year	**352,218**		278,200		212,450	
Directors' retainer and voluntary shares:						
Awarded at beginning of year	**10,471**		9,394		9,980	
Awarded during the year	**7,811**		10,867		9,394	
Issued	(**10,470**)		(9,790)		(9,980)	
Awarded at end of year	**7,812**		10,471		9,394	
Reserved for future grants or awards at end of year:						
Employee plans	**211,900**		289,619		320,013	
Directors' plans	**38,334**		59,145		9,012	
Total	**250,234**		339,764		329,025	

Exercise prices for stock options outstanding as of December 31, 2002 ranged from $17.88 to $75.80, summarized as follows:

	Outstanding			Exercisable	
Range of Exercise Prices	Number of Shares Underlying Options	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Of Options	Weighted Average Exercise Price
Under $20	25,000	8.3	$17.88		
$20 - $30	153,315	7.4	29.44	88,722	$29.56
$30 - $40	8,000	1.5	35.73	8,000	35.73
$40 - $50	333,413	4.8	43.97	333,413	43.97
Over $50	294,000	6.0	64.97		
	813,728	5.8	$47.94	430,135	$40.84

Note 12 — Shareholders' Equity

Under the Company's share purchase rights ("Rights") plan, a Right is attached to each of the Company's Common Shares outstanding or subsequently issued, which entitles the holder to buy from the Company one-hundredth of one (.01) Common Share at an exercise price per whole share of $160. The Rights expire on September 19, 2007 and are not exercisable until the occurrence of certain triggering events, which include the acquisition of, or tender or exchange offer for, 20 percent or more of the Company's Common Shares. There are approximately 168,000 Common Shares reserved for these Rights. The Company is entitled to redeem the Rights at one cent per Right upon the occurrence of certain events.

Note 13 — Commitments and Contingencies

From time to time, in the normal course of business, the Company enters into contracts to purchase iron ore to fulfill anticipated shortfalls or meet customer quality specifications. The Company has committed to purchase approximately $23 million of pellets in 2003.

The Company and its ventures are periodically involved in litigation incidental to their operations. Management believes that any pending litigation will not result in a material liability in relation to the Company's consolidated financial statements.

Quarterly Results of Operations — (Unaudited)
(In Millions, Except Per Share Amounts)

	2002				
	Quarters				
	First	Second	Third	Fourth	Year
Total revenues*	$ 60.7	$159.4	$207.7	$189.3	$ 617.1
Gross profit (loss)*	(12.4)	3.4	9.4	15.5	15.9
Income (loss) from continuing operations	(8.9)	2.0	6.1	(65.6)	(66.4)
Discontinued operation	(2.6)	(1.9)	(98.8)	(5.2)	(108.5)
Cumulative effect of accounting change	(13.4)				(13.4)
Net income (loss)	$(24.9)	$ .1	$ (92.7)	$ (70.8)	$(188.3)
Net income (loss) per share					
Basic/diluted	$(2.44)	$ .01	$ (9.18)	$ (7.01)	$(18.62)
Average number of shares					
Basic/diluted	10.2	10.2	10.1	10.1	10.1

* From continuing operations (excluding $52.7 million charge for impairment of mining assets in the fourth quarter from gross profit).

Quarterly results included $13.8 million, $3.4 million, $3.4 million and zero, respectively, of pre-tax fixed costs related to production curtailments. First quarter results have been restated to include $13.4 million, or $1.32 per share for the cumulative effect of SFAS No. 143. Quarterly results were restated by approximately $.5 million, or $.05 per share, in each of the first three quarters for additional current year charges related to adoption. Third quarter reflects $95.7 million and fourth quarter $52.7 million for impairment charges relating to discontinued operation and impairment of mining assets, respectively.

	2001				
	Quarters				
	First	Second	Third	Fourth	Year
Total revenues*	$32.3	$ 93.1	$121.4	$116.3	$363.1
Gross profit (loss)*	(6.3)	(11.0)	4.8	2.9	(9.6)
Income (loss) from continuing operations	2.8	(12.1)	(7.7)	(2.5)	(19.5)
Discontinued operation	(3.1)	(3.0)	(3.3)	(3.3)	(12.7)
Cumulative effect of accounting change			9.3		9.3
Net income (loss)	$ (.3)	$(15.1)	$ (1.7)	$ (5.8)	$ (22.9)
Net income (loss) per share					
Basic/diluted	$ (.03)	$(1.50)	$ (.16)	$ (.58)	$ (2.27)
Average number of shares					
Basic/diluted	10.1	10.1	10.1	10.1	10.1

* From continuing operations.

Quarterly results included $4.0 million, $20.7 million, $10.1 million and $13.2 million, respectively, of pre-tax fixed costs related to production curtailments.

Common Share Price Performance And Dividends

	Price Performance				
	2002		2001		Dividends
	High	**Low**	High	Low	2001
First Quarter	**$22.06**	**$15.80**	$22.38	$13.69	$ .10
Second Quarter	**32.25**	**22.00**	22.45	16.36	.10
Third Quarter	**28.74**	**21.70**	18.85	14.00	.10
Fourth Quarter	**25.35**	**15.70**	18.35	13.65	.10
Year	**32.25**	**15.70**	22.45	13.65	$ .40

No dividends were paid in 2002.

Report of Independent Auditors

We have audited the accompanying statements of consolidated financial position of Cleveland-Cliffs Inc and consolidated subsidiaries (the "Company") as of December 31, 2002 and 2001, and the related statements of consolidated operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2002 listed in the index at Item 15(a). Our audits also included the financial statement schedule listed in the index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cleveland-Cliffs Inc and consolidated subsidiaries at December 31, 2002 and 2001, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2002, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in the Accounting Policy Note to the financial statements, in 2002 the Company changed its method of accounting for obligations associated with the retirement of tangible long-lived assets and related asset retirement costs, and in 2001 the Company changed its method of accounting for investment gains and losses on pension assets for the calculation of net periodic pension cost.

/s/Ernst & Young LLP

Cleveland, Ohio
January 24, 2003

Report of Management

Management has prepared the accompanying consolidated financial statements appearing in this Annual Report and is responsible for their integrity and objectivity. The consolidated financial statements, including amounts that are based on management's best estimates and judgment, have been prepared in conformity with generally accepted accounting principles and are free of material misstatement. Management also prepared other information in this Annual Report and is responsible for its accuracy and consistency with the consolidated financial statements.

Management maintains a system of internal accounting controls and procedures over financial reporting designed to provide reasonable assurance, at an appropriate cost/benefit relationship, that assets are safeguarded and that transactions are authorized, recorded, and reported properly. The internal accounting control system is augmented by a program of internal audits, written policies and guidelines, careful selection and training of qualified personnel, and a written code of conduct. The Company's code of conduct requires employees to maintain a high level of ethical standards in the conduct of the Company's business. Management believes that the Company's internal accounting controls provide reasonable assurance (i) that assets are safeguarded against material loss from unauthorized use or disposition, and (ii) that the financial records are reliable for preparing consolidated financial statements and other data and maintaining accountability for assets.

The Audit Committee of the Board of Directors, composed solely of directors who are independent of the Company, meets periodically with the independent auditors, management, and the Chief Internal Auditor to discuss internal accounting control, auditing, and financial reporting matters and to ensure that each is meeting its responsibilities regarding the objectivity and integrity of the Company's financial statements. The Committee also meets directly with the independent auditors and the Company's Chief Internal Auditor without management present, to ensure that the independent auditors and the Company's Chief Internal Auditor have free access to the Committee.

The independent auditors, Ernst & Young LLP, are retained by the Audit Committee of the Board of Directors. Ernst & Young LLP is engaged to audit the consolidated financial statements of the Company and conduct such tests and related procedures as Ernst & Young LLP deems necessary in conformity with generally accepted auditing standards. The opinion of the independent auditors, based upon their audit of the consolidated financial statements, is contained in this Annual Report.

/s/ J. S. Brinzo	/s/ C. B. Bezik	/s/ R. J. Leroux
J. S. Brinzo Chairman and Chief Executive Officer	C. B. Bezik Senior Vice President - Finance and Chief Financial Officer	R. J. Leroux Vice President and Controller and Principal Accounting Officer

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The information regarding Directors required to be furnished by this Item will be set forth in the Company's definitive Proxy Statement to Security Holders and is incorporated herein by reference and made a part hereof from the Proxy Statement. The information regarding executive officers required by this item is set forth in Part I hereof under the heading "Executive Officers of the Registrant", which information is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION.

The information required to be furnished by this Item will be set forth in the Company's definitive Proxy Statement to Security Holders and is incorporated herein by reference and made a part hereof from the Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

(a) The information required to be furnished by this Item will be set forth in the Company's definitive Proxy Statement to Security Holders and is incorporated herein by reference and made a part hereof from the Proxy Statement.

(b) The table below sets forth certain information regarding the following equity compensation plans of the Company as of December 31, 2002: the 1992 Equity Incentive Plan (the "1992 Incentive Plan"), the Management Performance Incentive Plan, ("MPI Plan"), the Mine Performance Bonus Plan ("Mine Plan"), the Voluntary Non-Qualified Deferred Compensation Plan ("VNQDC Plan") and the Nonemployee Directors' Compensation Plan. All of those plans have been approved by shareholders, except for the MPI Plan, the Mine Plan, and the VNQDC Plan.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	813,728	$ 47.94	250,234(1)
Equity compensation plans not approved by security holders	0	N/A	(2)

(1) Includes 211,900 Common Shares remaining available under the 1992 Incentive Plan, which authorizes the Compensation and Organization Committee to make awards of Option Rights, Restricted Shares, Deferred Shares, Performance Shares and Performance Units; and 38,334 Common Shares remaining available under the Nonemployee Directors' Compensation Plan, which authorizes the award of Restricted Shares to new Directors and provides that the Directors must take 40% of their retainer in Common Shares and may take up to 100% of their retainer and other fees in Common Shares.

(2) The MPI Plan, the Mine Plan, and the VNQDC Plan provide for the issuance of Common Shares, but do not provide for a specific amount available under the Plans. Descriptions of those Plans are set forth below.

MPI Plan

The MPI Plan provides an opportunity for elected officers and other management employees to earn annual cash bonuses. In the discretion of the Compensation and Organization Committee, bonuses may also be paid in Common Shares. Certain participants in the MPI Plan may elect to defer all or a portion of such bonus into the VNQDC Plan. Such participants in the MPI Plan may elect to have his or her deferred cash bonus credited to an account with deferred Common Shares ("Bonus Exchange Shares") by completing an election form prior to the date the bonus would otherwise be paid. These participants may also elect at this time to have dividends credited with respect to the Bonus Exchange Shares, either credited in additional deferred Common Shares, deferred in cash or paid out in cash in an in-service compensation distribution. In order to encourage elections to be credited with deferred Common Shares, such participants in the MPI Plan, who elect to have their cash bonuses credited to an account with Bonus Exchange Shares, will be credited with restricted deferred Common Shares in the amount of 25% of the Bonus Exchange Shares ("Bonus Match Shares"). These Participants must comply with the employment and non-distribution requirements for the Bonus Exchange Shares during a five-year period for the Bonus Match Shares to become vested and nonforfeitable.

Mine Plan

The Mine Plan provides an opportunity for senior mine managers to earn cash bonuses. Bonuses earned under the Mine Plan are determined and paid quarterly to the participants. Certain participants may elect to defer all or part of their quarterly cash bonuses under the VNQDC Plan. These participants in the Mine Plan may further elect to have his or her deferred cash bonus credited to an account with deferred Common Shares. Each year these participants under the Mine Plan must make their Bonus Exchange Shares election (for the four quarters of that year). Such elections must be made by December 31 of the year prior to the year in which the quarterly bonuses are earned. As with the Participants electing Bonus Exchange Shares under the MPI Plan, Participants under the Mine Plan electing Bonus Exchange Shares will receive or be credited with restricted Bonus Match Shares in an amount of 25% of the Bonus Exchange Shares with the same five-year vesting period.

VNQDC Plan

The VNQDC Plan was originally adopted by the Board of Directors to provide management and highly compensated employees of the Company or its selected affiliates with the opportunity to defer receipt of a portion of their regular compensation in order to defer taxation of these amounts. The VNQDC Plan also permits deferral of bonus awards under the MPI Plan, the Mine Plan, and Performance Share Plan (awarded under the 1992 Incentive Equity Plan). In addition, the VNQDC Plan contains the Management Share Acquisition Program ("MSAP"),whose purpose is to provide designated management employees with the opportunity to acquire deferred interests in Common Shares through deferral of their bonuses. The VNQDC Plan also contains the Officer Share Acquisition Program ("OSAP"), which permits elected officers to acquire deferred interests in Common Shares with compensation previously deferred in cash under the VNQDC Plan. When participants in the MPI Plan, the Mine Plan or the MSAP or OSAP elect to have accounts credited with deferred Common Shares under the VNQDC Plan, a Company match equal to 25% of the value of the deferred Common Shares will be credited by the Company to the accounts of participants.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information, if any, required to be furnished by this Item will be set forth in the Company's definitive Proxy Statement to Security Holders and is incorporated herein by reference and made a part hereof from the Proxy Statement.

ITEM 14. CONTROLS AND PROCEDURES.

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's 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 the Company's management, including its 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-14(c). 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.

Within 90 days prior to the date of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective.

There have been no significant changes in the Company's internal controls or in other factors that could significantly affect the internal controls subsequent to the date the Company completed its evaluation.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a) (1) and (2)-List of Financial Statements and Financial Statement Schedules.

The following consolidated financial statements of the Company are included at Item 8 above:

Statement of Consolidated Financial Position — December 31, 2002 and 2001

Statement of Consolidated Operations — Years ended December 31, 2002, 2001 and 2000

Statement of Consolidated Cash Flows — Years ended December 31, 2002, 2001 and 2000

Statement of Consolidated Shareholders' Equity — Years ended December 31, 2002, 2001 and 2000

Notes to Consolidated Financial Statements

The following consolidated financial statement schedule of the Company is included herein in Item 15(d) and attached as Exhibit 99(a).

Schedule II — Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

(3) List of Exhibits — Refer to Exhibit Index on pages 75-81 which is incorporated herein by reference.

(b) During the fourth quarter of 2002, the Company filed a Current Report on Form 8-K, dated October 7, 2002, covering information reported under Item 9. Regulation FD Disclosure. The Company also filed Current Reports on Form 8-K, dated January 2, January 13 and January 29, 2003, covering information reported under Item 9. Regulation FD Disclosure. There were no financial statements filed as part of the Current Reports on Form 8-K.

(c) Exhibits listed in Item 15(a)(3) above are incorporated herein by reference.

(d) The schedule listed above in Item 15(a)(1) and (2) is attached as Exhibit 99(a) and incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 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

By: /s/ Cynthia B. Bezik

Cynthia B. Bezik
Senior Vice President - Finance
Date: February 5, 2003

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signatures	Title	Date
J. S. Brinzo	Chairman and Chief Executive Officer and Principal Executive Officer and Director	February 5, 2003
C. B. Bezik	Senior Vice President- Finance and Principal Financial Officer	February 5, 2003
R. J. Leroux	Vice President and Controller and Principal Accounting Officer	February 5, 2003
R. C. Cambre	Director	February 5, 2003
R. Cucuz	Director	February 5, 2003
D. H. Gunning	Vice Chairman and Director	February 5, 2003
J. D. Ireland, III	Director	February 5, 2003
F. R. McAllister	Director	February 5, 2003
J. C. Morley	Director	February 5, 2003
S. B. Oresman	Director	February 5, 2003
R. Phillips	Director	February 5, 2003
R. K. Riederer	Director	February 5, 2003
A. Schwartz	Director	February 5, 2003

By: /s/ Cynthia B. Bezik

(Cynthia B. Bezik, as Attorney-in-Fact)

Original powers of attorney authorizing John S. Brinzo, Cynthia B. Bezik, and John E. Lenhard and each of them, to sign this Annual Report on Form 10-K and amendments thereto on behalf of the above-named officers and Directors of the Registrant have been filed with the Securities and Exchange Commission.

CERTIFICATION

I, John S. Brinzo, certify that:

1. I have reviewed the annual report on Form 10-K of Cleveland-Cliffs Inc;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual 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-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures 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 annual report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 5, 2003 By /s/ John S. Brinzo

John S. Brinzo
Chairman and Chief Executive Officer

CERTIFICATION

I, Cynthia B. Bezik, certify that:

1. I have reviewed the annual report on Form 10-K of Cleveland-Cliffs Inc;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual 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-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures 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 annual report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 5, 2003

By /s/ Cynthia B. Bezik

Cynthia B. Bezik
Senior Vice President-Finance and
Principal Financial Officer

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 Annual Report of Cleveland-Cliffs Inc (the "**Company**") on Form 10-K for the year ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "**Form 10-K**"), I, John S. Brinzo, 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-K 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-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 5, 2003

/s/ John S. Brinzo

John S. Brinzo
Chairman and Chief Executive Officer

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 Annual Report of Cleveland-Cliffs Inc (the "Company") on Form 10-K for the year ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-K"), I, Cynthia B. Bezik, Principle 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-K 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-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 5, 2003

/S/ Cynthia B. Bezik

Cynthia B. Bezik
Senior Vice President-Finance and
Principal Financial Officer

EXHIBIT INDEX

(All references to filings of Cleveland-Cliffs Inc are to SEC File No. 1-8944)

Exhibit Number		Pagination by Sequential Numbering System
	Articles of Incorporation and By-Laws of Cleveland-Cliffs Inc	
3(a)	Amended Articles of Incorporation of Cleveland-Cliffs Inc (filed as Exhibit 3 (a) to Form 10-K of Cleveland-Cliffs Inc filed on February 2, 2001 and incorporated by reference)	Not Applicable
3(b)	Regulations of Cleveland-Cliffs Inc (filed as Exhibit 3 (b) to Form 10-K of Cleveland-Cliffs Inc filed on February 2, 2001 and incorporated by reference)	Not Applicable
	Instruments defining rights of security holders, including indentures	
4(a)	Form of Common Stock	Filed Herewith
4(b)	Rights Agreement, dated September 19, 1997, by and between Cleveland-Cliffs Inc and EquiServe Trust Company, N.A., (successor-in-interest to First Chicago Trust Company of New York), as Rights Agent (filed as Exhibit 4(b) to Form 10-K of Cleveland-Cliffs Inc filed on February 5, 2002 and incorporated by reference)	Not Applicable
4(c)	Amendment No. 1, effective as of November 15, 2001, to Rights Agreement by and between Cleveland-Cliffs Inc and EquiServe Trust Company, N.A. (successor-in-interest to First Chicago Trust Company of New York), as Rights Agent (filed as Exhibit 4.1 to Amendment No. 1 to Form 8-A of Cleveland-Cliffs Inc filed on December 14, 2001 and incorporated by reference)	Not Applicable
4(d)	Note Agreement, dated as of December 15, 1995, among Cleveland-Cliffs Inc and each of the Purchasers named in Schedule I thereto (filed as Exhibit 4 (g) to Form 10-K of Cleveland-Cliffs Inc filed on February 2, 2001 and incorporated by reference)	Not Applicable
4(e)	First Amendment Agreement, effective as of December 15, 2002, to Note Agreement, dated as of December 15, 1995, among Cleveland-Cliffs Inc and each of the Purchasers named in Schedule I attached thereto	Filed Herewith
4(f)	Subsidiary Guaranty Agreement, dated as of December 15, 2002, among certain subsidiaries of Cleveland-Cliffs Inc and each of the Purchasers named in Schedule I attached thereto	Filed Herewith

Material Contracts

10(a)	* Cleveland-Cliffs Inc Supplemental Retirement Benefit Plan (as Amended and Restated, effective January 1, 2001) (filed as Exhibit 10 (c) to Form 10-Q of Cleveland-Cliffs Inc filed on July 27, 2001 and incorporated by reference)	Not Applicable
10(b)	* Amendment No. 1 to the Cleveland-Cliffs Inc Supplemental Retirement Benefit Plan (as Amended and Restated Effective January 1, 2001), dated as of November 13, 2001(filed as Exhibit 10(b) to Form 10-K of Cleveland-Cliffs Inc filed on February 5, 2002 and incorporated by reference)	Not Applicable
10(c)	* Severance Agreements, dated as of January 1, 2000, by and between Cleveland-Cliffs Inc and certain executive officers, (filed as Exhibit 10(b) to Form 10-K of Cleveland-Cliffs Inc filed on March 16, 2000 and incorporated by reference)	Not Applicable
10(d)	* Severance Agreement, dated as of April 16, 2001 by and between Cleveland-Cliffs Inc and David H. Gunning (filed as Exhibit 10 (b) to Form 10-Q of Cleveland-Cliffs Inc filed on July 27, 2001, and incorporated by reference)	Not Applicable
10(e)	* Cleveland-Cliffs Inc and Subsidiaries Management Performance Incentive Plan, effective as of January 1, 2002 (Summary Description) (filed as Exhibit 10(b) to Form 10-Q of Cleveland-Cliffs Inc filed on July 25, 2002 and incorporated by reference)	Not Applicable
10(f)	Form of indemnification agreement with Directors (filed as Exhibit 10(f) to Form 10-K of Cleveland-Cliffs Inc filed on February 2, 2001 and incorporated by reference)	Not Applicable
10(g)	Director and Officer Indemnification Agreement, dated as of July 10, 2001, by and between Cleveland-Cliffs Inc and David H. Gunning (filed as Exhibit 10(a) to Form 10-Q filed on October 25, 2001 and incorporated by reference)	Not Applicable
10(h)	* Cleveland-Cliffs Inc 1992 Incentive Equity Plan (as Amended and Restated as of May 13, 1997), effective as of May 13, 1997 (filed as Exhibit 10(i) to Form 10-K of Cleveland-Cliffs Inc filed on February 5, 2002 and incorporated by reference)	Not Applicable
10(i)	* Amendment to the Cleveland-Cliffs Inc 1992 Incentive Equity Plan (as Amended and Restated as of May 13, 1997), effective May 11, 1999 (filed as Appendix a to Proxy Statement of Cleveland-Cliffs Inc filed on March 22, 1999 and incorporated by reference)	Not Applicable

* Reflects management contract or other compensatory arrangement required to be filed as an Exhibit pursuant to Item 15(c) of this Report

10(j)	* Form of Nonqualified Stock Option Agreement for Nonemployee Directors	Filed Herewith
10(k)	* Form of Instrument of Amendment of Nonqualified Stock Option Agreements for Nonemployee Directors, dated as of March 17, 1997 (filed as Exhibit 10(l) to Form 10-K of Cleveland-Cliffs Inc filed on February 5, 2002 and incorporated by reference)	Not Applicable
10(l)	* Amended and Restated Cleveland-Cliffs Inc Retirement Plan for Non-Employee Directors effective as of July 1, 1995 (filed as Exhibit 10(l) to Form 10-K of Cleveland-Cliffs Inc filed on February 2, 2001 and incorporated by reference)	Not Applicable
10(m)	* Amendment to Amended and Restated Cleveland-Cliffs Inc Retirement Plan for Non-Employee Directors dated as of January 1, 2001 (filed as Exhibit 10(d) to Form 10-Q of Cleveland-Cliffs Inc filed on July 27, 2001 and incorporated by reference)	Not Applicable
10(n)	*Trust Agreement No. 1 (Amended and Restated effective June 1, 1997), dated June 12, 1997, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee, with respect to the Cleveland-Cliffs Inc Supplemental Retirement Benefit Plan, Severance Pay Plan for Key Employees and certain executive agreements (filed as Exhibit 10(o) to Form 10-K of Cleveland-Cliffs Inc filed on February 5, 2002 and incorporated by reference)	Not Applicable
10(o)	* Amendment to Exhibits to Trust Agreement No. 1, effective as of January 1, 2000, by and between Cleveland-Cliffs Inc and KeyBank National Association, as Trustee (filed as Exhibit 10(n) to Form 10-K of Cleveland-Cliffs Inc filed on March 16, 2000 and incorporated by reference)	Not Applicable
10(p)	* First Amendment to Trust Agreement No. 1 effective September 10, 2002, by and between Cleveland-Cliffs Inc and KeyBank National Association, as Trustee	Filed Herewith
10(q)	Amended and Restated Trust Agreement No. 2, effective as of October 15, 2002, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee, with respect to Executive Agreements and Indemnification Agreements with the Company's Directors and certain Officers, the Company's Severance Pay Plan for Key Employees, and the Retention Plan for Salaried Employees	Filed Herewith
10(r)	* Trust Agreement No. 5, dated as of October 28, 1987, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee, with respect to the Cleveland-Cliffs Inc Voluntary Non-Qualified Deferred Compensation Plan (filed as Exhibit 10 (v) to Form 10-K of Cleveland-Cliffs Inc filed on February 2, 2001 and incorporated by reference)	Not Applicable

* Reflects management contract or other compensatory arrangement required to be filed as an Exhibit pursuant to Item 15(c) of this Report

10(s)	* First Amendment to Trust Agreement No. 5, dated as of May 12, 1989, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee (filed as Exhibit 10(x) to Form 10-K of Cleveland-Cliffs Inc filed on February 2, 2001 and incorporated by reference)	Not Applicable
10(t)	* Second Amendment to Trust Agreement No. 5, dated as of April 9, 1991, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee (filed as Exhibit 10(y) to Form 10-K of Cleveland-Cliffs Inc filed on February 2, 2001 and incorporated by reference)	Not Applicable
10(u)	* Third Amendment to Trust Agreement No. 5, dated as of March 9, 1992, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee (filed as Exhibit 10(z) to Form 10-K of Cleveland-Cliffs Inc filed on February 2, 2001 and incorporated by reference)	Not Applicable
10(v)	* Fourth Amendment to Trust Agreement No. 5, dated November 18, 1994, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee (filed as Exhibit 10(w) to Form 10-K of Cleveland-Cliffs Inc filed on March 16, 2000 and incorporated by reference)	Not Applicable
10(w)	* Fifth Amendment to Trust Agreement No. 5, dated May 23, 1997, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee (filed as Exhibit 10(cc) to Form 10-K of Cleveland-Cliffs Inc filed on February 5, 2002 and incorporated by reference)	Not Applicable
10(x)	* Trust Agreement No. 7, dated as of April 9, 1991, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee, with respect to the Cleveland-Cliffs Inc Supplemental Retirement Benefit Plan (filed as Exhibit 10(ee) to Form 10-K of Cleveland-Cliffs Inc filed on February 2, 2001 and incorporated by reference)	Not Applicable
10(y)	* First Amendment to Trust Agreement No. 7, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee, dated as of March 9, 1992 (filed as Exhibit 10(ff) to Form 10-K of Cleveland-Cliffs Inc filed on February 2, 2001 and incorporated by reference)	Not Applicable
10(z)	* Second Amendment to Trust Agreement No. 7, dated November 18, 1994, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee (filed as Exhibit 10(bb) to Form 10-K of Cleveland-Cliffs Inc filed on March 16, 2000 and incorporated by reference)	Not Applicable

* Reflects management contract or other compensatory arrangement required to be filed as an Exhibit pursuant to Item 15(c) of this Report

10(aa)	* Third Amendment to Trust Agreement No. 7, dated May 23, 1997, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee (filed as Exhibit 10(ii) to Form 10-K of Cleveland-Cliffs Inc filed on February 5, 2002 and incorporated by reference)	Not Applicable
10(bb)	* Fourth Amendment to Trust Agreement No. 7, dated July 15, 1997, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee (filed as Exhibit 10(jj) to Form 10-K of Cleveland-Cliffs Inc filed on February 5, 2002 and incorporated by reference)	Not Applicable
10(cc)	* Amendment to Exhibits to Trust Agreement No. 7, effective as of January 1, 2000, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee (filed as Exhibit 10(ee) to Form 10-K of Cleveland-Cliffs Inc filed on March 16, 2000 and incorporated by reference)	Not Applicable
10(dd)	* Trust Agreement No. 8, dated as of April 9, 1991, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee, with respect to the Cleveland-Cliffs Inc Retirement Plan for Non-Employee Directors (filed as Exhibit 10(kk) to Form 10-K of Cleveland-Cliffs Inc filed on February 2, 2001 and incorporated by reference)	Not Applicable
10(ee)	* First Amendment to Trust Agreement No. 8, dated as of March 9, 1992, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee (filed as Exhibit 10(ll) to Form 10-K of Cleveland-Cliffs Inc filed on February 2, 2001 and incorporated by reference)	Not Applicable
10(ff)	* Second Amendment to Trust Agreement No. 8, dated June 12, 1997, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee (filed as Exhibit 10(nn) to Form 10-K of Cleveland-Cliffs Inc filed on February 5, 2002 and incorporated by reference)	Not Applicable
10(gg)	* Trust Agreement No. 9, dated as of November 20, 1996, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee, with respect to the Cleveland-Cliffs Inc Nonemployee Directors' Supplemental Compensation Plan (filed as Exhibit 10(oo) to Form 10-K of Cleveland-Cliffs Inc filed on February 5, 2002 and incorporated by reference)	Not Applicable
10(hh)	* Trust Agreement No. 10, dated as of November 20, 1996, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee, with respect to the Cleveland-Cliffs Inc Nonemployee Directors' Compensation Plan (filed as Exhibit 10(pp) to Form 10-K of Cleveland-Cliffs Inc filed on February 5, 2002 and incorporated by reference)	Not Applicable

* Reflects management contract or other compensatory arrangement required to be filed as an Exhibit pursuant to Item 15(c) of this Report

10(ii)	* Cleveland-Cliffs Inc Change in Control Severance Pay Plan, effective as of January 1, 2000 (filed as Exhibit 10(jj) to Form 10-K of Cleveland-Cliffs Inc filed on March 16, 2000 and incorporated by reference)	Not Applicable
10(jj)	* Cleveland-Cliffs Inc Voluntary Non-Qualified Deferred Compensation Plan (Amended and Restated as of January 1, 2000) (filed as Exhibit 10(a) to Form 10-Q of Cleveland-Cliffs Inc filed on July 27, 2000 and incorporated by reference)	Not Applicable
10(kk)	* Cleveland-Cliffs Inc Long-Term Incentive Program, effective as of May 8, 2000 (filed as Exhibit 10(rr) to Form 10-K of Cleveland-Cliffs Inc filed on February 2, 2001 and incorporated by reference)	Not Applicable
10(ll)	* Cleveland-Cliffs Inc 2000 Retention Unit Plan, effective as of May 8, 2000 (filed as Exhibit 10(ss) to Form 10-K of Cleveland-Cliffs Inc filed on February 2, 2001 and incorporated by reference)	Not Applicable
10(mm)	* Cleveland-Cliffs Inc Executive Retention Plan, effective as of January 1, 2001 (filed as Exhibit 10(b) to Form 10-Q of Cleveland-Cliffs Inc filed on October 25, 2001 and incorporated by reference)	Not Applicable
10(nn)	* Cleveland-Cliffs Inc Nonemployee Directors' Supplemental Compensation Plan, effective as of July 1, 1995 (filed as Exhibit 10(tt) to Form 10-K of Cleveland-Cliffs Inc filed on February 2, 2001 and incorporated by reference)	Not Applicable
10(oo)	* First Amendment to Cleveland-Cliffs Inc Nonemployee Directors' Supplemental Compensation Plan, effective as of January 1, 1999 (filed as Exhibit 10(mm) to Form 10-K of Cleveland-Cliffs Inc filed on March 25, 1999 and incorporated by reference)	Not Applicable
10(pp)	* Cleveland-Cliffs Inc Nonemployee Directors' Compensation Plan, effective as of July 1, 1996 (filed as Exhibit 10(vv) to Form 10-K of Cleveland-Cliffs Inc filed on February 2, 2001 and incorporated by reference)	Not Applicable
10(qq)	* First Amendment to Cleveland-Cliffs Inc Nonemployee Directors' Compensation Plan, effective as of November 12, 1996 (filed as Exhibit 10(yy) to Form 10-K of Cleveland-Cliffs Inc filed on February 5, 2002 and incorporated by reference)	Not Applicable
10(rr)	* Second Amendment to Cleveland-Cliffs Inc Nonemployee Directors' Compensation Plan, effective as of May 13, 1997 (filed as Exhibit 10(zz) to Form 10-K of Cleveland-Cliffs Inc filed on February 5, 2002 and incorporated by reference)	Not Applicable

* Reflects management contract or other compensatory arrangement required to be filed as an Exhibit pursuant to Item 15(c) of this Report

10(ss)	* Third Amendment to Cleveland-Cliffs Inc Nonemployee Directors' Compensation Plan, effective as of January 1, 1999 (filed as Exhibit 10(qq) to Form 10-K of Cleveland-Cliffs Inc filed on March 25, 1999 and incorporated by reference)	Not Applicable
10(tt)	** Pellet Sale and Purchase Agreement, dated and effective as of January 31, 2002, by and among The Cleveland-Cliffs Iron Company, Cliffs Mining Company, Northshore Mining Company and Algoma Steel Inc. (filed as Exhibit 10(a) to Form 10-Q of Cleveland-Cliffs Inc filed on April 25, 2002 and incorporated by reference)	Not Applicable
10(uu)	** Pellet Sale and Purchase Agreement, dated and effective as of April 10, 2002, by and among The Cleveland-Cliffs Iron Company, Cliffs Mining Company, Northshore Mining Company, Northshore Sales Company, International Steel Group Inc., ISG Cleveland Inc., and ISG Indiana Harbor Inc. (filed as Exhibit 10(a) to Form 10-Q of Cleveland-Cliffs Inc filed on July 25, 2002 and incorporated by reference)	Not Applicable
10(vv)	*** Pellet Sale and Purchase Agreement, dated and effective as of December 31, 2002, by and among The Cleveland Cliffs Iron Company, Cliffs Mining Company, and Ispat Inland Inc.	Filed Herewith
21	Subsidiaries of the registrant	Filed Herewith (Page 82-83)
23	Consent of independent auditors	Filed Herewith (Page 84)
24	Power of Attorney	Filed Herewith (Page 85)
99	Additional Exhibits	
99(a)	Schedule II — Valuation and Qualifying Accounts	Filed Herewith (Page 86)

* Reflects management contract or other compensatory arrangement required to be filed as an Exhibit pursuant to Item 15(c) of this Report

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

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

Exhibit 4(a)

COMMON SHARES

THIS CERTIFICATE IS TRANSFERABLE
IN NEW YORK

NUMBER
CU 19641

CUSIP 185896 10 7
SEE REVERSE FOR CERTAIN DEFINITIONS

INCORPORATED UNDER THE LAWS OF THE STATE OF OHIO

CLEVELAND-CLIFFS INC

<TABLE>
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<S>	<C>	<C>	<C>
CERTIFICATE NUMBER	REFERENCE	DATE	SHARES

THIS CERTIFIES THAT

IS THE OWNER OF

</TABLE>

FULLY PAID AND NON-ASSESSABLE COMMON SHARES OF THE PAR VALUE OF ONE DOLLAR EACH
OF

Cleveland-Cliffs Inc, transferable on the books of the Company by the registered holder in person or by duly authorized attorney, upon surrender of this certificate properly endorsed. This certificate and the shares represented hereby are issued and shall be held subject to all the provisions of the Articles of the Company filed in the office of the Secretary of State of Ohio (copies of which are on file with the Company and with the Transfer Agent) to which the holder by acceptance hereof assents. This certificate is not valid unless countersigned by the Transfer Agent and registered by the Registrar.

[SHARE CERTIFICATE]

Witness the seal of the Company and the signatures of its duly authorized officers.

/s/ John E. Lenhard
SECRETARY

/s/ John S. Brinzo
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

[CLEVELAND-CLIFFS INC OHIO CORPORATE SEAL]
AMERICAN BANK NOTE COMPANY.

COUNTERSIGNED AND REGISTERED:
EquiServe Trust Company, N.A.
TRANSFER AGENT
AND REGISTRAR,
BY /s/ Stephen Cesso
AUTHORIZED SIGNATURE

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -as tenants in common

TEN ENT -as tenants by the entireties

JT TEN -as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT-_____Custodian_____
(Cust) (Minor)
under Uniform Gifts to Minors

ACT_____
(State)

Additional abbreviations may also be used though not in the above list.

CLEVELAND-CLIFFS INC

A COPY OF THE EXPRESS TERMS OF THE SHARES REPRESENTED BY THIS CERTIFICATE AND OF ALL OTHER CLASSES AND SERIES OF SHARES WHICH CLEVELAND-CLIFFS INC IS AUTHORIZED TO ISSUE WILL BE MAILED TO ANY SHAREHOLDER WITHOUT CHARGE WITHIN FIVE DAYS AFTER RECEIPT FROM SUCH SHAREHOLDER OF A WRITTEN REQUEST THEREFOR. SUCH REQUESTS SHOULD BE ADDRESSED TO THE SECRETARY OF CLEVELAND-CLIFFS INC, 18TH

FLOOR, DIAMOND BUILDING, 1100 SUPERIOR AVENUE, CLEVELAND, OHIO 44114-2589

For value received,_____hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

- ---

- ---
PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF
ASSIGNEE.

- ---
_____Shares
represented by the within Certificate, and do hereby irrevocably constitute and
appoint_____

- ---
Attorney to transfer the said shares on the books of the within-named Company,
with full power of substitution in the premises.
Dated,_____

X ---

This Certificate also evidences and entitles the holder hereof to certain Rights as set fourth in a Rights Agreement between Cleveland-Cliffs Inc and First Chicago Trust Company of New York, dated as of September 19, 1997 (the "Rights Agreement"), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive offices of Cleveland-Cliffs Inc. The Rights are not exercisable prior to the occurrence of certain events specified in the Rights Agreement. Under certain circumstances, as set forth in the Rights Agreement, such Rights may be redeemed, may be exchanged, may expire, may be amended, or may be evidenced by separate certificates and will no longer be evidenced by this Certificate. Cleveland-Cliffs Inc will mail to the holder of this Certificate a copy of the Rights Agreement without charge promptly after receipt of a written request therefor. Under certain circumstances, Rights that are or were beneficially owned by an Acquiring Person or any Affiliate or Associate thereof (as such terms are defined in the Rights Agreement) and any subsequent holder of such Rights may become null and void.

X NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE, IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT, OR ANY CHANGE WHATEVER.

Exhibit 4(e)

FIRST AMENDMENT AGREEMENT

TO

Re: Note Agreements Dated as of December 15, 1995

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EXHIBIT B	--	Form of Subsidiary Guaranty
EXHIBIT C	--	Opinion of Counsel for the Company
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EXHIBIT 5.8	--	Basket Obligations outstanding on December 15, 2002
EXHIBIT 5.9	--	Liens
EXHIBIT 5.19	--	Restricted Investments

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Dated as of
December 15, 2002

To each of the holders
listed in Schedule I to
this First Amendment Agreement

Ladies and Gentlemen:

Reference is made to (i) the separate Note Agreements each dated as of December 15, 1995 (the "Existing Note Agreements" and, as amended hereby, the "Note Agreements"), among Cleveland-Cliffs Inc, an Ohio corporation (the "Company") and the Purchasers named on Schedule I attached thereto, respectively and (ii) the $70,000,000 aggregate principal amount of 7.00% Senior Notes due December 15, 2005 of the Company (the "Existing Notes" and, as amended hereby, the "Notes").

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company requests the amendment of certain provisions of the Existing Note Agreements and the Existing Notes as hereinafter provided.

Upon your acceptance hereof in the manner hereinafter provided and upon satisfaction of all conditions to the effectiveness hereof and receipt by the Company of similar acceptances from the holders of all of the Existing Notes, this First Amendment Agreement shall constitute a contract between us amending the Existing Note Agreements and the Existing Notes, in each case, as of December 15, 2002, but only in the respects hereinafter set forth:

SECTION 1. OMNIBUS AMENDMENT.

All references in any and all of the Existing Note Agreements and the Existing Notes to an interest rate applicable to the Notes of "7.00%" per annum (or "9.00%" per annum in the case of overdue payments) shall hereafter read (i) "9.50%" (or "11.50%" in the case of overdue payments) for the period from December 15, 2003 through December 14, 2004, and (ii) "10.50%" (or "12.50%" in the case of overdue payments) for the period from and after December 15, 2004, each in any and all instances where such interest rates appear. All written references to the interest rates in effect prior to this First Amendment Agreement shall be and are hereby amended to incorporate the above-described new interest rates in respect of the Notes and with respect to any overdue payments in respect of the Notes. Upon the request of any holder of a Note, the Company shall replace such holder's Note with a new Note substantially in the form of Exhibit A attached hereto. In addition, all references in any and all of the Existing Note Agreements to "1995 GAAP" shall be and are hereby amended to read: "GAAP" for all purposes under the Financing Agreements in respect of any and all fiscal periods ending on and after December 31, 2002 and that any requirement contained in Section 5.15(g) for a GAAP Reconciliation for or with respect to any such fiscal period shall be deleted.

SECTION 2. ADDITIONAL AMENDMENTS TO EXISTING NOTE AGREEMENTS.

Section 2.1. Amendment to Section 2.1. Section 2.1 of the Existing Note Agreements shall be and is hereby amended in its entirety to read as follows:

"Section 2.1. Required Prepayments. On December 15, 2003 and on December 15, 2004, the Company will prepay $20,000,000 principal amount (or such lesser principal amount as shall then be outstanding) of the Notes at par and without payment of the Make-Whole Amount or any premium."

Section 2.2. Amendment to Section 2.2. Section 2.2 of the Existing Note Agreements shall be and is hereby amended in its entirety to read as follows:

"Section 2.2. Optional Prepayment with Premium. Upon compliance with ss.2.4, the Company shall have the right, at any time and from time to time, of prepaying the outstanding Notes, either in whole or in part (but if in part then in a minimum principal amount of $1,000,000) by payment of the principal amount of the Notes, or portion thereof to be prepaid, and accrued interest thereon to the date of such prepayment, at par and without Make-Whole Amount."

Section 2.3. Amendment to Section 2.3. Sections 2.3(a), (b) and (c) of the Existing Agreements shall be and are hereby amended to read as follows:

"(a) In the event that the Company shall have advance notice of a Change of Control Event which the Company determines in good faith is likely to occur no less than 60 days or more than 120 days from the date of such notice, then it shall provide written notice (a "ss.2.3(a) Notice") to all holders of the Notes of such proposed Change of Control Event, which ss.2.3(a) Notice shall include the information specified in ss.2.3(C) and shall contain the agreement of the Company to prepay all the Notes held by such holders accepting the prepayment offer concurrently with the closing of the transaction which causes or constitutes a Change of Control Event (the "Prepayment Offer"). The holder of any Notes that wishes to accept such Prepayment Offer shall notify the Company in writing of the acceptance of the Prepayment Offer upon the Change of Control Event within 45 days of receipt of the ss.2.3(a) Notice. On the date 30 days prior to the date of the closing of the proposed transaction, the Company shall provide to each holder of Notes which has not yet responded to the ss.2.3(a) Notice, a duplicate copy of the ss.2.3(a) Notice originally sent to such holder. Not less than five days prior to the date of the closing of the proposed transaction, the Company will furnish to each holder of Notes a written confirmation of the date of the Change of Control Event. On the date the Change of Control Event occurs the Company shall in accordance with the ss.2.3(a) Notice prepay

the principal amount of the Notes held by the holders that have delivered such notice of acceptance of the Prepayment Offer, together with accrued interest thereon to the date of such prepayment. Such obligation to prepay the Notes with respect to a particular proposed Change of Control Event described in a ss.2.3(a) Notice shall terminate in the event that such Change of Control Event does not occur within 120 days of the date of the ss.2.3(a) Notice relating to such proposed Change of Control Event upon substantially the terms described in such ss.2.3(a) Notice. If either (i) the Company shall have at least 45 days advance notice that, in the case of any Change of Control Event approved of or authorized by the Company notwithstanding the best efforts of the Company to complete the proposed Change of Control Event within the 120-day period after the initial ss.2.3(a) Notice with respect thereto, the proposed Change of Control Event will occur more than 120 days after the initial ss.2.3(a) Notice with respect to such proposed Change of Control Event or (ii) the terms applicable to the proposed Change of Control Event previously described in the initial ss.2.3(a) Notice with respect thereto are materially different from the terms initially described, the Company shall give additional ss.2.3(a) Notices and the holders of the Notes shall have the right of prepayment as contemplated herein.

(b) In the event (i) the Company shall not have sufficient advance notice of a Change of Control Event to timely furnish a ss.2.3(a) Notice, and (ii) a Change of Control Event shall occur, the Company will, as soon as reasonably practicable and in any event within five (5) days

after such Change of Control Event, give notice of such event to all holders of the Notes (a "ss.2.3(b) Notice") which shall include the information specified in ss.2.3(C) and shall contain the agreement of the Company to prepay all Notes held by such holders accepting the prepayment offer. The holder of any Notes may notify the Company in writing of the acceptance of the offer of prepayment at least five days prior to the date specified for prepayment in the ss.2.3(b) Notice. On the date 30 days prior to the prepayment date, the Company shall provide to each holder of Notes which has not yet responded to the ss.2.3(a) Notice, a duplicate copy of the ss.2.3(a) Notice originally sent to such holder. On the date designated in the ss.2.3(b) Notice, the Company shall prepay the principal amount of all Notes held by all holders that have delivered such notice of acceptance of the prepayment offer, together with accrued interest thereon to the date of such prepayment.

(c) The ss.2.3(a) Notice and ss.2.3(b) Notice required to be given by the Company pursuant to and in accordance with the

provisions of ss.ss.2.3(A) and (B), respectively, shall, in each case, be in writing and shall set forth, (i) a summary of the transaction or transactions causing or proposed to cause the Change of Control Event, (ii) such financial or other information as the Company in good faith determines is appropriate for each holder to make an informed decision as to whether to require a prepayment of such holder's Notes, (iii) in the case of any ss.2.3(b) Notice, the date set for prepayment, if any, of the Notes which date shall not be less than 45 days or more than 60 days after the date of such notice, (iv) that the Notes will be prepayable at a price equal to the principal amount thereof together with accrued interest to the date of prepayment, without a Make-Whole Amount and (v) the amount of accrued interest applicable to the prepayment. Thereafter and prior to the Change of Control Event the Company shall provide such other information as each holder of the Notes shall reasonably determine is necessary for such holder to make an informed decision as to whether to require a prepayment of such holder's Notes."

Section 2.4. Additional Amendment to Section 2.3. Section 2.3 of the Existing Note Agreements shall be and is hereby amended by inserting a period immediately prior to the word "if" in the penultimate paragraph of said Section 2.3 and by deleting the language in such paragraph beginning with such word "if".

Section 2.5. Amendment to Section 2.4. Section 2.4 of the Existing Note Agreements shall be and is hereby amended by changing the present references to "30 days" and "60 days", respectively, presently contained therein to "10 Business Days" and "20 Business Days", respectively.

Section 2.6. Amendment to Section 2.5. Section 2.5 of the Existing Note Agreements shall be and is hereby amended in its entirety to read as follow:

"Section 2.5. Application of Prepayments. All partial prepayments pursuant to ss.2.1 and ss.2.2 shall be applied on all outstanding Notes ratably in accordance with the unpaid principal amounts thereof. All partial prepayments pursuant to ss.2.8, if any, shall be applied on those Notes being prepaid ratably in accordance with the unpaid principal amounts thereof."

Section 2.7. Amendment to Section 2.8. The following shall be added as a new Section 2.8 of the Existing Note Agreements:

"Section 2.8. Noteholder Excess Cash Flow Prepayment. On or before March 1, 2004 and March 1, 2005, the Company will give each holder of Notes a written offer to prepay on the March 30 next following the date of such offer, a principal amount of Notes equal to such holder's Noteholder Excess Cash Flow for the immediately preceding fiscal year together with accrued and unpaid interest on such principal amount.

Each such offer shall specify the principal amount of the Notes offered to be prepaid in the aggregate, the principal amount of each Note offered to be prepaid, and the interest to be paid on such prepayment

date with respect to such principal amount then being prepaid. Each such offer shall also include a reasonably detailed calculation of the Excess Cash Flow giving rise to such offer of prepayment pursuant to this ss.2.8. In the event that Excess Cash Flow for the period of calculation is zero or otherwise not a positive figure, the Company, nonetheless, shall provide to each holder of Notes a written notice describing in reasonable detail its calculation of Excess Cash Flow prior to March 1, 2004 and March 1, 2005, if applicable, it being acknowledged and agreed that in any such event, no offer of prepayment of the Notes is required pursuant to this Section 2.8 with respect to such fiscal year. In the event any holder of Notes wishes to accept such offer of prepayment, it shall send written notice of acceptance to the Company on or before the March 15 next following the receipt of the Company offer. In the event one or more holders of Notes fail to accept such offer, the Company shall offer, by written notice on or before the following March 20 to each holder, if any, who has timely accepted the Company's initial offer of prepayment in respect of its Notes, to prepay, on a pro rata basis (based on the respective unpaid principal amount of Notes of such holders) among all holders who accepted the initial offer, an aggregate principal amount of Notes equal to the aggregate Noteholder Excess Cash Flow offered to holders who failed to timely accept the initial offer of prepayment. The holders receiving such second offer, if any, shall have the right to accept such offer by written notice to the Company on or before the March 25 next following the receipt of such second offer. The Company will prepay the aggregate principal amount of Notes on March 30, 2004 and March 30, 2005 required to be prepaid pursuant to this ss.2.8 of all holders who have timely accepted the offers required to be made by the Company hereinabove together with accrued and unpaid interest to the date of prepayment.

As used hereinabove, "Noteholder Excess Cash Flow" for each holder of Notes shall be equal to Excess Cash Flow multiplied by a fraction the numerator of which is equal to the unpaid principal amount of such holder's Notes on the Business Day immediately preceding any such prepayment pursuant to this ss.2.8 (the "ss.2.8 Payment Date") and the denominator of which is equal to the sum of the then aggregate unpaid principal amount of all Notes plus the aggregate unpaid principal amount outstanding under the Bank Facility as of the ss.2.8 Payment Date."

Section 2.8. Amendment to Section 5.6. Section 5.6 of the Existing Note Agreements shall be and is hereby amended in its entirety to read as follows:

"Section 5.6. Intentionally Deleted."

Section 2.9. Amendment to Section 5.7. Section 5.7 of the Existing Note Agreements shall be and is hereby amended in its entirety to read as follows:

"Section 5.7. Limitations on Debt. (a) The Company will not, and will not permit any Subsidiary to, create, assume or incur or in any manner be or become liable in

respect of any Debt (other than Debt of a Subsidiary to the Company or to a Wholly-Owned Subsidiary Guarantor), except:

(1) Debt evidenced by the Notes;

(2) Debt of the Company and its Subsidiaries outstanding as of December 15, 2002 and described on Exhibit 5.7 hereto; and additional Debt incurred for the purpose of extending, renewing or refunding such Debt, provided that the principal amount of any such item of additional Debt shall not exceed the then outstanding principal amount of the Debt which is the subject of such extension, renewal or refunding;

(3) additional Debt of the Company and its Subsidiaries pursuant to the Bank Facility;

(4) customer advances for prepayment of ore sales; and

(5) additional Debt of the Company and its Subsidiaries consisting of Capitalized Rentals in respect of mining interests of the Company and its Subsidiaries (including Capitalized Rentals incurred in connection with the making of Investments), provided, that the Company will not at any time permit all Capitalized Rentals of the Company and its Subsidiaries (including Capitalized Rentals in respect of Capitalized Leases outstanding as of December 15, 2002 which

remain in effect) to exceed an amount equal to $15,000,000.

(b) Any Person which becomes a Subsidiary after the date hereof shall for all purposes of this ss.5.7 be deemed to have created, assumed or incurred at the time it becomes a Subsidiary all Debt (including Debt consisting of Capitalized Rentals) of such Person existing immediately after it becomes a Subsidiary and, in any such event, compliance with ss.5.7 shall be determined on a consolidated basis after giving effect to such Person becoming a Subsidiary."

Section 2.10. Amendment to Section 5.8. Section 5.8 of the Existing Note Agreements shall be and is hereby amended in its entirety so that the same shall henceforth read as follows:

"Section 5.8. Limitation on Basket Obligations. The Company will not at any time permit to exist any Basket Obligations other than:

(1) Basket Obligations outstanding as of December 15, 2002 and described on Exhibit 5.8 hereto and any additional Basket Obligations incurred for the purpose of extending, renewing or refunding any such Basket Obligation, provided that the principal amount of any such additional Basket Obligations shall not exceed the then outstanding amount of the Basket Obligation which is the subject of such extension, renewal or refunding and any Lien securing any Basket Obligation which may be extended or renewed shall not encumber any property which it did not previously encumber prior to such extension or renewal;

(2) Basket Obligations consisting of Capitalized Rentals to the extent permitted by ss.5.7(a)(5)."

Section 2.11. Amendment to Section 5.9. Section 5.9 of each of the Existing Note Agreements shall be and is hereby amended by deleting the last paragraph thereof and by adding the following provision at the end thereof:

"As an additional restriction with respect to the right of the Company or any Subsidiary to incur or have outstanding any Debt secured, directly or indirectly, by any Lien, the Company will not and will not permit any Subsidiary to incur any or have outstanding Debt which is, directly or indirectly, secured by any Lien other than:

(a) Capitalized Rentals to the extent permitted by ss.ss.5.7 and 5.8; and

(b) Debt described on Exhibit 5.7 secured by Liens described on Exhibit 5.9 hereto together with any extension or renewal of any such Lien provided, that

(i) the principal amount of the Debt secured by any such Liens does not increase from the amount outstanding as of the time of such extension or renewal and

(ii) such extended or renewed Lien does not extend to any other property which was not encumbered by such Lien immediately preceding such extension or renewal."

Section 2.12. Amendment to Section 5.10. Section 5.10 of the Existing Note Agreements shall be and is hereby amended in its entirety to read as follows:

"Section 5.10. Mergers, Consolidations and Sales of Assets. (a) The Company will not, and will not permit any Subsidiary to, (i) consolidate with or be a party to a merger with any other Person or (ii) sell, lease or otherwise dispose of all or substantially all of the assets of the Company and its Subsidiaries; provided, however, that:

(1) any Subsidiary may merge or consolidate with or into, or sell, lease or otherwise dispose of all or substantially all of its assets to, (i) the Company or any other Subsidiary so long as in any merger or consolidation involving the Company, the Company shall be the surviving or continuing corporation, or (ii) any other Person so long as (x) at the time of such merger or consolidation and after giving effect thereto, each of the conditions described in ss.ss.5.10(a)(2)(ii) and (iii) are satisfied and (y) the surviving Person shall be a Subsidiary Guarantor; or

(2) the Company may consolidate or merge with or into, or sell, lease or otherwise dispose of all or substantially all of its assets to, any other corporation if:

(i) the purchasing, surviving or continuing corporation (the "Surviving Corporation") shall be either the Company or a corporation organized under the laws of the United States or any jurisdiction thereof, and in the case of any such consolidation or merger or sale in which the Company is not the Surviving Corporation, the Surviving Corporation shall (x) expressly assume in writing the due and punctual payment of the principal of, Make-Whole Amount, if any, and the interest on all of the Notes outstanding according to their tenor and the due and punctual performance and observance of all of the covenants in the Financing Agreements to be performed or observed by the Company, and (y) furnish to the holders of the Notes an opinion of independent counsel to the effect that the instrument of assumption has been duly authorized, executed and delivered and constitutes the legal, valid and binding contract and agreement of the Surviving Corporation enforceable in accordance with its terms, subject to terms and qualifications reasonably satisfactory to holders of not less than 66 2/3% in aggregate principal amount of the then outstanding Notes;

(ii) at the time of such consolidation, merger or sale and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing; and

(iii) such consolidation, merger or sale does not result in a Material Adverse Effect.

(b) The Company will not and will not permit any Subsidiary to sell, lease or otherwise dispose of (other than in the ordinary course of business) any substantial part (as defined in ss.5.10(c) below) of the assets of the Company and its Subsidiaries, taken as a whole, provided that any Subsidiary may sell, lease or otherwise dispose of a substantial part of its assets to the Company or a Subsidiary Guarantor. For the purposes of any determination under this ss.5.10, a sale or other disposition of assets of the Company and its Subsidiaries shall include, but not be limited to, the creation of any Minority Interests and any other sale, transfer or other disposition of the capital stock or assets of any Subsidiary (other than to the Company or another Subsidiary Guarantor), including any merger, consolidation or sale of all or substantially all of the assets of any Subsidiary if the surviving corporation or the transferee corporation of such assets is not the Company or a Subsidiary Guarantor.

(c) As used in this ss.5.10, and subject to the provisions of the following paragraph, a sale, lease or other disposition of assets shall be deemed to be a "substantial part" of the assets of the Company and its Subsidiaries, taken as a whole, if the proceeds of the sale, lease or other disposition of such assets, when added to the proceeds of the sale, lease or other disposition of all other assets sold, leased or otherwise disposed of by the Company and its Subsidiaries (other than in a transaction permitted by ss.5.10(a) or in the ordinary course of business) during the twelve-month period ending with the date on which such sale, lease or other disposition was consummated exceeds $6,000,000 (excluding sale proceeds derived prior to December 15, 2002) in the case of any such transaction occurring on or after December 15, 2002 and on or before December 14, 2003 and, in the case of any such transaction occurring on or after December 15, 2003, $5,000,000.

For the purpose of making any determination of "substantial part," any sale, lease or other dispositions of assets of the Company and its Subsidiaries shall not be included if the net proceeds are segregated from the general accounts of the Company or any Subsidiary and within six months in the case of clause (1) below and twelve months in the case of clause (2) below, after such sale, lease or other disposition such net proceeds are (1) applied to capital expenditures in respect of maintenance and not in respect of expansion, or (2) except to the extent that the net proceeds are required to be applied to the payment of any Debt secured by a Lien on such assets, offered by the Company pursuant to a written offer to each of the holders of Notes to apply such net proceeds to the prepayment of the unpaid principal amount of the Notes, at par and without Make-Whole Amount together with accrued and unpaid interest to the date of payment, which date of payment shall not be more than 45 or less than 30

days after the date of such written offer. Each such offer shall be made to all holders of Notes on a pro rata basis based on the unpaid principal amount of each holders' respective Notes and shall specify the principal amount of the Notes offered to be prepaid in the aggregate, the principal amount of each Note offered to be prepaid and the interest to be paid on the prepayment date with respect to such principal amount then being offered to be prepaid. In the event that any holder of Notes wishes to accept such offer of prepayment, it shall send written notice of such acceptance to the Company within 15 days following receipt of the initial Company offer. In the event one or more holders of Notes fail to accept such offer, the Company shall offer, within 5 days after the end of the aforementioned 15 day period, to each holder, if any, who has timely accepted the Company's initial offer of prepayment in respect of its Notes pursuant to this ss.5.10, to prepay, on a pro rata basis (based on the respect of unpaid principal amount of Notes of such holders who have timelY accepted the initial offer) among all holders who accepted the initial offer, an aggregate principal amount of Notes equal to the aggregate principal amount of Notes offered to holders who failed to timely accept the initial offer of prepayment pursuant to ss.5.10. The holders receiving such second offer, if any, shall have the right to accept such offer by written notice to the CompanY within 5 days after receipt of such second offer by the Company. The Company will prepay the aggregate principal amount of Notes required to be paid pursuant to the foregoing provisions of this ss.5.10 on the date originally designated in the first offer oF prepayment to all holders who have timely accepted the offers required to be made by the Company hereinafter together with accrued and unpaid interest to the date of prepayment.

Section 2.13. Amendment to Section 5.11. Section 5.11(ii) of the Existing Note Agreements shall be and is hereby amended as follows:

"(ii) the Subsidiary Guaranty and the Bank Facility Guaranty."

Section 2.14. Amendment to Section 5.15. The last sentence of the paragraph immediately after Section 5.15(i) shall be and is hereby amended in its entirety to read as follows:

"The Company shall promptly upon demand pay or reimburse any such holder for all reasonable expenses which such holder may incur in connection with such visitation or inspection."

Section 2.15. New Sections 5.16 through 5.21. The following shall be added at the end of Section 5 of the Existing Note Agreements:

"Section 5.16. Minimum Consolidated EBITDA. The Company will not permit, as of the end of each fiscal quarter described below, Consolidated EBITDA for the respective period described below to be less than the respective amounts set forth opposite such fiscal quarter end in the following table:

<TABLE>
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FISCAL QUARTER END	MINIMUM CONSOLIDATED EBITDA
<S>	<C>
the four fiscal quarter period ending December 31, 2002	$7,000,000
the fiscal quarter ending March 31, 2003	$0
the two fiscal quarter period ending June 30, 2003	$15,000,000
the three fiscal quarter period ending September 30, 2003	$28,000,000
the four fiscal quarter period ending December 31, 2003 and for each fiscal quarter thereafter calculated for each period of four consecutive fiscal quarters (ending on the date of determination and taken as a single accounting period).	$40,000,000

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"Section 5.17 Consolidated EBITDAR. The Company will not permit, as of the end of each fiscal quarter described below, the ratio of Consolidated EBITDAR to Fixed Charges for the respective period described below to be less than the respective amounts set forth opposite such fiscal quarter end in the following table:

<TABLE>

<CAPTION>

FISCAL QUARTER END	MINIMUM RATIO
<S>	<C>
the four fiscal quarter period ending December 31, 2002	.98 to 1.00
the fiscal quarter ending March 31, 2003	.90 to 1.00
the two fiscal quarter period ending June 30, 2003	1.48 to 1.00
the three fiscal quarter period ending September 30, 2003	1.68 to 1.00

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the four fiscal quarter period ending December 31, 2003	1.80 to 1.00
the four fiscal quarter period ending March 31, 2004	1.82 to 1.00
the four fiscal quarter period ending June 30, 2004	1.88 to 1.00
the four fiscal quarter period ending September 30, 2004	1.95 to 1.00
the four fiscal quarter period ending December 31, 2004 and for each fiscal quarter thereafter, for each fiscal period of four consecutive fiscal quarters	2.06 to 1.00

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"Section 5.18. Restricted Payments Prohibited. The Company will not and will not permit any of its Subsidiaries to, declare or make, or incur any liability to declare or make, any Restricted Payments.

"Section 5.19. Restricted Investments Prohibited. The Company will not and will not permit any of its Subsidiaries to have, make or authorize any Restricted Investments.

"Section 5.20. Additional Restrictions. In addition to and not in limitation of any of the restrictions to which the Company or any Subsidiary is subject pursuant to this Agreement, the Company agrees that in the event the Company or any Subsidiary is subject to any covenant or agreement for the benefit of any lender or other provider of credit which is in addition to, or more restrictive than the covenants and agreements to which the Company and its subsidiaries are subject pursuant to this Agreement, such other covenants or agreements, without further action, shall be deemed to be incorporated herein and the holders of the Notes shall be entitled to the benefit of such covenants and agreements at all times so long as such other covenants and agreements remain outstanding. At the request of the holders of not less than 66-2/3% in aggregate principal amount of the Notes then outstanding, the Company shall, or shall cause the appropriate Subsidiary to enter into amendments hereto or to any other Financing Agreement to properly incorporate the aforementioned additional covenants or other agreements.

"Section 5.21. Additional Guarantors and Opinions. (a) In the event that any Person organized under the laws of the United States or any State thereof becomes a Subsidiary which is either a Wholly-Owned Subsidiary or not subject to a legal or contractual prohibition with respect to its right to execute a Guaranty (which prohibition was not incurred in contemplation of such Person becoming a Subsidiary) after December 15, 2002 (a "New Subsidiary"), such New Subsidiary shall execute and deliver a Guaranty substantially identical to the Subsidiary Guaranty attached hereto as

Exhibit B (the "Subsidiary Guaranty") or shall become a party to the Existing Subsidiary Guaranty pursuant to the Subsidiary Guaranty Supplement attached to the Subsidiary Guaranty as Exhibit A, concurrently with such Person initially becoming a New Subsidiary. The Company agrees to use commercially reasonable efforts to have any such prohibition waived to the extent necessary to permit such Subsidiary to execute and deliver the Subsidiary Guaranty (which shall include an offer to defray reasonable legal or administrative fees but shall not include other material consideration or concessions).

(b) On or before January 25, 2002, the Company shall have delivered to the holders of the Notes legal opinions of independent counsel substantially identical in scope and substance to the opinions set forth in Exhibit C-1, but with appropriate adjustments to cover Subsidiaries organized under the laws of Michigan and Minnesota.

Section 2.16. Amendment to Section 6.1. Sections 6.1(c), (d) and (e) of the Existing Note Agreements shall be and are hereby amended in their entirety as follows:

"(c) Default shall be made in the payment when due (whether by lapse of time, by declaration, by call for redemption or otherwise) of any principal of or interest on any Debt (other than the Notes) in excess of $100,000 in the aggregate and such default shall continue beyond the period of grace, if any, allowed with respect thereto; or

(d) Default shall occur in the observance or performance of any terms or provisions in respect of any Debt of the Company or any Subsidiary (other than the Notes) in excess of $100,000 in the aggregate and such default shall continue beyond the period of grace, if any, allowed with respect thereto; or

(e) (1) Default shall occur in the performance or observance of (i) any of the provisions of ss.ss.5.6 through 5.12, and ss.ss.5.16 through 5.21, inclusive, or (ii) any other provision of any of the Financing Agreements which other provision is not remedied within 30 days after the earlier of (A) the day on which an Executive Officer first obtains actual knowledge of such default or (B) the day on which written notice thereof is given to the Company by the holder of any Notes, or (2) any Subsidiary Guaranty ceases to be enforceable or effective or in full force and effect for any reason or the Company or any Subsidiary Guarantor alleges that a Subsidiary Guaranty is unenforceable or ceases in any manner to be effective or in full force or effect; or"

Section 2.17. Additional Amendment to Section 6.1. The following shall be added at the end of Section 6.1 of the Existing Note Agreement:

"Notwithstanding anything contained in ss.5.4 of this Agreement or in this ss.6.1 to the contrary, the voluntary or involuntary liquidation, receivership or other disposition of Cliffs and Associates Limited, a Subsidiary organized under the laws of Trinidad and Tobago and its Wholly-Owned Subsidiary, Calipso Sales Company, a Delaware corporation (collectively, "CAL") shall not constitute an Event of Default hereunder provided, that (i) after giving effect to any such transaction the Company and its Subsidiaries directly or indirectly own no more than 20% of any equity interests in CAL,

(ii) from and after December 15, 2002, CAL (x) does not enter into any merger, consolidation or other similar transaction except in connection with any such liquidation, receivership or other disposition, and (y) does not acquire, directly or indirectly, any additional material assets or operations and, (iii) any such liquidation and/or receivership or other disposition could not result in any material obligations or liabilities being imposed upon the Company or any Subsidiary (other than reasonable and customary filing, legal and other similar administrative fees and expenses) which would not have existed in the absence of any such liquidation and/or receivership."

Section 2.18. Amendment to Section 8.1. The term "Consolidated Total Assets" shall be deleted from Section 8.1 and the term "Make-Whole Amount" contained in Section 8.1 shall be and is hereby amended in its entirety so that the same shall henceforth read as follows:

"Make-Whole Amount" means, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal, provided that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

"Called Principal" means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to ss.2.3 or has become or is declared to be immediately due and payable pursuant to ss.6.3, as the context requires.

"Discounted Value" means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining

Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"Reinvestment Yield" means, with respect to the Called Principal of any Note, 0.60% over the yield to maturity implied by (i) the yields reported, as of 10:00 A.M. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Screen PX1" on the Bloomberg Financial Markets Screen, or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in the U.S. Treasury securities (or such other display as may replace Screen PX1 on the Bloomberg Financial Markets Screen, or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in the U.S. Treasury securities) for actively traded U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable, the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so

reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. Such implied yield will be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between (1) the actively traded U.S. Treasury security with the maturity closest to and greater than the Remaining Average Life and (2) the actively traded U.S. Treasury security with the maturity closest to and less than the Remaining Average Life.

"Remaining Average Life" means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"Remaining Scheduled Payments" means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon at a rate of 7% per annum that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to ss.2.3 or 6.3.

"Settlement Date" means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to ss.2.3 or has become or is declared to be immediately due and payable pursuant to ss.6.3, as the context requires."

Section 2.19. Additional Amendment to Section 8.1. The term "Subsidiary" contained in ss.8.1 shall be and is hereby amended in its entirety to read as follows:

"The term "subsidiary" shall mean as to any particular parent entity (i) any corporation of which more than 50% (by number of votes of the Voting Stock shall be beneficially owned, directly or indirectly by such parent or (ii) any partnership or limited liability company of

which more than 50% of the general partnership or limited liability company equity interest is held by such parent. The term "Subsidiary" shall mean a subsidiary of Company."

Section 2.20. Additions to Section 8.1. Section 8.1 of the Existing Note Agreements shall be and is hereby amended by adding the following definitions thereto in alphabetical order:

"Bank Facility" shall mean a working capital facility which (i) has an aggregate commitment of not more than $20,000,000, (ii) is unsecured and subject to the Intercreditor Agreement, (iii) does not have the benefit of any Guaranty other than the Bank Facility Guaranty, and (iv) has been consented to by the Required Holders which consent shall not be unreasonably withheld.

"Bank Facility Guaranty" shall mean a Guaranty of the obligations of one or more of the Obligors of their respective obligations under the Bank Facility which Guaranty shall be delivered only by Subsidiary Guarantors and shall have been consented to by the Required Holders, which consent shall not be unreasonably withheld and shall be subject to the Intercreditor Agreement.

"Capital Stock" shall mean any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock or similar interests in any other form of entity, including, without limitation, with respect to partnerships, partnership interests (whether general or limited) and any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, such partnership.

"Consolidated EBITDA" shall mean, for any period, Consolidated Net Earnings for such period, plus (but without duplication), but only to the extent deducted in determining Consolidated Net Earnings for such period, (i) Consolidated Interest Charges (net of interest income) for such period, (ii) depreciation and amortization taken by the Company and its Subsidiaries during such period, (iii) any provision for current and future income taxes for such period, determined on a consolidated basis and, but only in the case of a determination of Consolidated EBITDA for the period ending December 31, 2002, (iv) non-cash charges taken by the Company and its Subsidiaries.

"Consolidated EBITDAR" shall mean, for any period, the sum of (i) Consolidated EBITDA plus (but only to the extent deducted in determining Consolidated EBITDA for such period) (ii) Operating Lease Rentals.

"Consolidated Interest Charges" means, with respect to any period, the sum (without duplication) of the following (in each case, eliminating all offsetting debits and credits between the Company and its Subsidiaries and all other items required to be eliminated in the course of the preparation of consolidated financial statements of the Company and its Subsidiaries in accordance with GAAP): (a) all interest in respect of Indebtedness of the Company and its Subsidiaries (including (i) imputed interest on rentals in respect of Capitalized Leases, (ii) original issue discount and non-cash interest payments or accruals on any Indebtedness, (iii) the interest portion of all deferred payment obligations, and (iv) all commissions, discounts and other fees and charges owed with respect to bankers' acceptances and letters of credit financings and currency and interest swap and hedging obligations, in each case to the extent attributable to such

period) deducted in determining Consolidated Net Earnings for such period, and (b) all debt discount and expense amortized or required to be amortized in the determination of Consolidated Net Earnings for such period.

"Excess Cash Flow" for any fiscal year shall mean Consolidated EBITDA for such fiscal year, minus the sum of (a) the amount (not in excess of $30,000,000 for 2003 or more than $40,000,000 for 2004) of capital expenditures of the Company and its Subsidiaries in respect of maintenance and not expansion for such fiscal year, (b) all principal payments made on Debt for such fiscal year excluding principal payments in respect of any revolving credit facility which does not permanently reduce the aggregate commitment thereunder, (c) Consolidated Interest

Charges paid in cash for such fiscal year and (d) taxes imposed on or measured by income or excess profits paid in cash during such fiscal year, plus (or minus in the case of a decrease) any increase (or decrease) of the changes in operating assets and liabilities as shown on the consolidated cash flow statement of the Company for such fiscal year. To the extent the foregoing calculation results in "Excess Cash Flow" of less than $5,000,000, "Excess Cash Flow" for the subject fiscal year shall be deemed to be zero.

"Financing Agreements" shall mean and include (i) the Agreements, (ii) the Notes and (iii) the Subsidiary Guaranty and any and all other documents, instruments or other agreements evidencing or securing any obligation of any Obligor in respect of any of the foregoing, in each case, as amended from time to time.

"First Amendment Agreement" shall mean the First Amendment Agreement dated as of December 15, 2002 to the Note Agreements dated as of December 15, 1995 between and among the Company and the holders.

"Fixed Charges" shall mean, with respect to any period, the sum of (a) Consolidated Interest Charges for such period and (b) Operating Lease Rentals for such period.

"Intercreditor Agreement" shall mean an intercreditor agreement entered into by the holders of the Notes and the providers of the Bank Facility reasonably satisfactory to all parties thereto providing, generally, for a pari passu treatment with respect to the Subsidiary Guaranty and the Bank Facility Guaranty for the benefit of the holders of the Notes and the providers of the Bank Facility.

"Investment" means any investment, made in cash or by delivery of property, by the Company or any of its Subsidiaries (i) in any Person, whether by acquisition of stock, Indebtedness or other obligation or Security, or by loan, Guaranty, advance, capital contribution or otherwise, or (ii) in any property.

"Obligor" or "Obligors" shall mean and include the Company and each Subsidiary Guarantor from time to time.

"Operating Lease Rentals" means, with respect to any period, the sum of the minimum amount of Rental and other obligations required to be paid during such period by the Company or any Subsidiary as lessee under all leases of real or personal property (other than Capitalized Leases) having a term of at least six months (including renewal periods at the sole option of the lessee) excluding any amounts required to be paid by the lessee (whether or not therein designated as rental or additional rental) (a) which are on account of maintenance and repairs, insurance, taxes, assessments, water rates and similar charges, or (b) which are based on profits, revenues or sales realized by the lessee from the leased property or otherwise based on the performance of the lessee.

"Preferred Stock" means any class of capital stock of a corporation that is preferred over any other class of capital stock of such corporation as to the payment of dividends or the payment of any amount upon liquidation or dissolution of such corporation.

"Required Holders" means, at any time, the holders of at least 66-2/3% in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Company or any of its Affiliates).

"Restricted Investments" means all Investments except the following:

(a) property, plant and equipment to be used in the ordinary course of business of the Company and its Subsidiaries;

(b) current assets arising from the sale of goods and services in the ordinary course of business of the Company and its Subsidiaries;

(c) Investments from time to time in one or more of the Subsidiaries disclosed on Exhibit 5.19;

(d) Investments existing on the date of the Closing and disclosed in Exhibit 5.19;

(e) Investments in United States Governmental Securities, provided that such obligations mature within 365 days from the date of acquisition thereof;

(f) Investments in certificates of deposit or banker's acceptances issued by an Acceptable Bank, provided that such obligations mature within 365 days from the date of acquisition thereof;

(g) Investments in commercial paper given the highest rating by a credit rating agency of recognized national standing and maturing not more than 270 days from the date of creation thereof;

(h) Investments in money market mutual funds which maintain a constant $1.00 net asset value and invest substantially all of their assets in the Investments of the type described in clauses (e), (f) and/or (g) above;

(i) Investments in Repurchase Agreements;

(j) Investments in tax-exempt obligations of any state of the United States of America, or any municipality of any such state, in each case rated "AA" or better by S&P, "Aa2" or better by Moody's or an equivalent rating by any other credit rating agency of recognized national standing, provided that such obligations mature within 365 days from the date of acquisition thereof; and

(k) Investments of the Company and its Subsidiaries to make acquisitions of additional mining interests (including liabilities such as Capitalized Rentals but excluding any other Debt) provided (i) the aggregate amount of cash invested in connection with such Investments pursuant to this clause (j) shall not exceed at any time $5,000,000 and (ii) all such Investments (in excess of $1,000,000 cash invested) pursuant to this clause (k) shall be described in writing to the holders of the Notes in reasonable detail not less than 15 days prior to making any such Investment; and

(l) Other Investments of the Company and its Subsidiaries for strategic or commercial purposes provided, that (i) the aggregate amount of cash invested in connection with such investments pursuant to this clause (l) shall not exceed at any time $15,000,000 minus the amount of cash invested pursuant to clause (k) above, and (ii) all such investments (in excess of $1,000,000 cash invested) pursuant to this clause (l) shall be described in writing to the holders of the Notes in reasonable detail not less than 15 days prior to making any such Investment.

As used in this definition of "Restricted Investments":

"Acceptable Bank" means any bank or trust company (i) which is organized under the laws of the United States of America or any State thereof, (ii) which has capital, surplus and undivided profits aggregating at least $500,000,000 , and (iii) whose long-term unsecured debt obligations (or the long-term unsecured debt obligations of the bank holding company owning all of the capital stock of such bank or trust company) shall have been given a rating of "A" or better by S&P, "A2" or better by Moody's or an equivalent rating by any other credit rating agency of recognized national standing.

"Acceptable Broker-Dealer" means any Person other than a natural person (i) which is registered as a broker or dealer pursuant to the Securities and Exchange Act of 1934, as amended, and (ii) whose long-term unsecured debt obligations shall have been given a rating of "A" or better by S&P, "A2" or better

by Moody's or an equivalent rating by any other credit rating agency of recognized national standing.

"Moody's" means Moody's Investors Service, Inc.

"Repurchase Agreement" means any written agreement

(a) that provides for (i) the transfer of one or more United States Governmental Securities in an aggregate principal amount at least equal to the amount of the Transfer Price (defined below) to the Company or any of its Subsidiaries from an Acceptable Bank or an Acceptable Broker-Dealer against a transfer of funds (the "Transfer Price") by the Company or such Subsidiary to such Acceptable Bank or Acceptable Broker-Dealer, and (ii) a simultaneous agreement by the Company or such Subsidiary, in connection with such transfer of funds, to transfer to such Acceptable Bank or Acceptable Broker-Dealer the same or substantially similar United States Governmental Securities for a price not less than the Transfer Price plus a reasonable return thereon at a date certain not later than 365 days after such transfer of funds,

(b) in respect of which the Company or such Subsidiary shall have the right, whether by contract or pursuant to applicable law, to liquidate such agreement upon the occurrence of any default thereunder, and

(c) in connection with which the Company or such Subsidiary, or an agent thereof, shall have taken all action required by applicable law or regulations to perfect a Lien in such United States Governmental Securities.

"S&P" means Standard & Poor's Ratings Group, a division of McGraw Hill, Inc.

"United States Governmental Security" means any direct obligation of, or obligation guaranteed by, the United States of America, or any agency controlled or supervised by or acting as an instrumentality of the United States of America pursuant to authority granted by the Congress of the United States of America, so long as such obligation or guarantee shall have the benefit of the full faith and credit of the United States of America which shall have been pledged pursuant to authority granted by the Congress of the United States of America.

"Restricted Payment" shall mean the direct or indirect declaration or payment of any dividend or the making of any distribution or redemption on account of the Capital Stock of the Company by the Company or any Subsidiary. "Restricted Payment" shall not include (a) any distribution in the form of stock or other equity interest, (b) any redemption or acquisition of stock or other equity interest if such redemption or

acquisition is either (i) solely in exchange for such stock or other equity interest by the Company or Subsidiary making such redemption or acquisition or (ii) from the net proceeds of a sale of such stock or other equity interest by the Company or Subsidiary making such redemption, which sale shall be made concurrently with such redemption or acquisition and (c) any distribution by any Subsidiary to the Company or a Wholly-Owned Subsidiary and any redemption of stock of any Subsidiary by the Company or another Subsidiary.

"Subsidiary Guarantor" shall mean and include all Wholly-Owned Subsidiaries organized under the laws of the United States, or any state or territory thereof and each other Subsidiary organized under the laws of the United States, or any state or territory thereof, which other Subsidiary is not subject to legal or contractual prohibitions prohibiting such Subsidiary from executing and delivering a Subsidiary Guaranty, which legal or contractual prohibition was not incurred in contemplation of such Subsidiary becoming a Subsidiary on or after December 15, 2002. The Company agrees to use commercially reasonable efforts to have any such prohibitation waived to the extent necessary to permit such Subsidiary to execute and deliver the Subsidiary Guaranty (which shall include an offer to defray reasonable legal or administrative fees but shall not include any other consideration or concessions).

"Subsidiary Guaranty" shall mean and include each Subsidiary Guaranty from each Subsidiary Guarantor for the benefit of the holders

of the Notes from time to time substantially in the form of Exhibit B hereto.

"Wholly-Owned Subsidiary" means, at any time, any Subsidiary all of the Voting Stock (except directors' qualifying shares) of which are owned by any one or more of the Company and the Company's other Wholly-Owned Subsidiaries at such time.

Section 2.21. Exhibit and Schedules. All exhibits and schedules hereto shall be deemed to be exhibits and schedules of the same designation to the Note Agreements.

SECTION 3. CONDITIONS PRECEDENT

Section 3.1. This First Amendment Agreement shall not become effective until, and shall become effective on, the Business Day when each of the following conditions shall have been satisfied:

(a) Each holder shall have received this First Amendment Agreement, duly executed by the Company.

(b) All holders shall have consented to this First Amendment Agreement as evidenced by their execution thereof.

(c) Each holder shall have received the Subsidiary Guaranty, duly executed by each Subsidiary Guarantor.

(d) The representations and warranties of the Company set forth in Section 4 hereof shall be true and correct in all material respects as of the date of the execution and delivery of this First Amendment Agreement.

(e) The representations and warranties of each Subsidiary Guarantor in the Subsidiary Guaranty shall be true and correct in all material respects as of the date of the execution and delivery of this First Amendment Agreement.

(f) Any consents or approvals from any holder or holders of any outstanding security of the Company or any Subsidiary and any amendments of agreements pursuant to which any securities may have been issued which shall be necessary to permit the consummation of the transactions contemplated hereby shall have been obtained and all such consents or amendments shall be reasonably satisfactory in form and substance to the holders and their special counsel.

(g) Each holder shall have received such certificates of a secretarial officer of the Company as it may reasonably request with respect to this First Amendment Agreement and the transactions contemplated hereby.

(h) Each holder shall have received such certificates of a secretarial officer of each Subsidiary Guarantor as it may reasonably request with respect to the Subsidiary Guaranty.

(i) Each holder shall have received the opinion of counsel for the Company and the Subsidiary Guarantors covering the matters set forth in Exhibits C-1 and C-2 hereto and such other matters incident to the transactions contemplated hereby as the holders may reasonably request.

(j) The Company shall have paid the fees and disbursements of the holders' special counsel, Chapman and Cutler, incurred in connection with the negotiation, preparation, execution and delivery of this First Amendment Agreement and the transactions contemplated hereby which fees and disbursements are reflected in the statement of such special counsel delivered to the Company at the time of the execution and delivery of this First Amendment Agreement. Upon receipt of any supplemental statement after the execution of this First Amendment Agreement, the Company will pay such additional fees and disbursements of the holders' special counsel which were not reflected in its accounting records as of the time of the delivery of the initial statement of fees and disbursements.

(k) The Company shall have paid to the holders, on a pro rata basis based on the aggregate outstanding principal amounts of the Notes held by said Noteholders on the date hereof, a non-refundable fee of $1,225,000.

(l) A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau in cooperation with the Securities Valuation

Office of the National Association of Insurance Commissioners shall have been obtained for the Notes.

(m) The Company shall have prepaid, on a pro rata basis, $15,000,000 aggregate principal amount of the Notes together with accrued and unpaid interest on such principal amount to the date of prepayment thereof.

(n) All corporate and other proceedings in connection with the transactions contemplated by this First Amendment Agreement and all documents and instruments incident to such transactions shall be satisfactory to you and your special counsel, and you and your special counsel shall have received all such counterpart originals or certified or other copies of such documents as you or they may reasonably request.

SECTION 4. REPRESENTATIONS AND WARRANTIES.

The Company hereby represents and warrants that as of the date hereof and as of the date of execution and delivery of this First Amendment Agreement:

(a) Each Obligor is duly incorporated, validly existing and in good standing under the laws of its state of incorporation.

(b) Each Obligor has the corporate power to own its property and to carry on its business as now being conducted.

(c) Each Obligor is duly qualified and in good standing as a foreign corporation authorized to do business in each jurisdiction in which the failure to do so would, individually or in the aggregate, have a material adverse effect on the business, condition (financial or other), assets, operations, properties or prospects of such Obligor.

(d) This First Amendment Agreement and all other Financing Agreements and the transactions contemplated hereby are within the corporate powers of each Obligor, have been duly authorized by all necessary corporate action on the part of each Obligor and this First Amendment Agreement and all other Financing Agreements has been duly executed and delivered by each Obligor and constitute legal, valid and binding obligations of each Obligor enforceable in accordance with their respective terms.

(e) The Company represents and warrants that there are no Defaults or Events of Default under the Existing Note Agreements including, without limitation, under ss.ss.5.5 and 5.10 of the Existing Note Agreements. Asset dispositions of the Company and its Subsidiaries subject to ss.ss.5.10(b) and (c) of the Existing Note Agreements did not exceed $8,500,000 for the twelve month period ending December 15, 2002.

(f) The execution, delivery and performance of this First Amendment Agreement and all other Financing Agreements by each Obligor does not and will not result in a violation of or default under (A) the articles of incorporation or bylaws of such Obligor, (B) any material agreement to which such Obligor is a party or by which it is bound or to which such Obligor or any of its properties is subject, (C) any material order, writ, injunction or decree binding on such Obligor, or (D) any material statute, regulation, rule or other law applicable to such Obligor.

(g) No authorization, consent, approval, exemption or action by or notice to or filing with any court or administrative or governmental body (other than periodic filings with regulatory authorities, none of which are required to be filed as of the effective date of this First Amendment Agreement) is required in connection with the execution and delivery of this First Amendment Agreement or any other Financing Agreements or the consummation of the transactions contemplated thereby.

SECTION 5. MISCELLANEOUS

Section 5.1. Except as amended herein, all terms and provisions of the Existing Note Agreements, the Existing Notes and related agreements and instruments are hereby ratified, confirmed and approved in all respects.

Section 5.2. Any and all notices, requests, certificates and other instruments, including the Notes, may refer to any of the Financing Agreements without making specific reference to this First Amendment Agreement, but nevertheless all such references shall be deemed to include this First Amendment Agreement unless the context shall otherwise require. Your acceptance hereof will also constitute your agreement that prior to any sale, assignment, transfer, pledge or other disposition by you of any Notes, you shall either (i) impose on the Notes so to be disposed of an appropriate endorsement referring to this First Amendment Agreement as binding on the parties hereto and upon any and all future holders of such Notes or (ii) at your option at any time, surrender such Notes for new Notes of the same form and tenor as the Notes so surrendered but revised to contain express textual reference to this First Amendment Agreement. All expenses for the preparation of such new Notes and the exchange for such new Notes are to be borne by the Company.

Section 5.3. This First Amendment Agreement and all covenants herein contained shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereunder. All covenants made by the Company herein shall survive the closing and the delivery of this First Amendment Agreement.

Section 5.4. This First Amendment Agreement shall be governed by and construed in accordance with Illinois law.

Section 5.5. The capitalized terms used in this First Amendment Agreement shall have the respective meanings specified in the Note Agreements unless otherwise herein defined, or the context hereof shall otherwise require.

The execution hereof by the holders shall constitute a contract among the Company and the holders for the uses and purposes hereinabove set forth. This First Amendment Agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one agreement.

CLEVELAND-CLIFFS INC

By: /s/ Cynthia B. Bezik

Cynthia B. Bezik, Senior Vice President-Finance

Acknowledged and agreed to as of December 15, 2002

CLEVELAND-CLIFFS ORE CORPORATION

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

CLEVELAND-CLIFFS IRON COMPANY

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

NORTHSHORE SALES COMPANY

By /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

WABUSH IRON CO. LIMITED

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

CLIFFS OIL SHALE CORP.

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

CLIFFS ERIE L.L.C.

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

CLIFFS MINING COMPANY

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

CLIFFS MINING SERVICES COMPANY

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

CLIFFS REDUCED IRON CORPORATION

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

CLIFFS REDUCED IRON MANAGEMENT COMPANY

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

IRONUNITS LLC

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

NORTHSHORE MINING COMPANY

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

SEIGNELAY RESOURCES, INC.

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

SILVER BAY POWER COMPANY

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

THE CLEVELAND-CLIFFS STEAMSHIP COMPANY

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

CLIFFS BIWABIK ORE CORPORATION

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

PICKANDS HIBBING CORPORATION

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

SYRACUSE MINING COMPANY

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

CLIFFS EMPIRE, INC.

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

CLIFFS IH EMPIRE, INC.

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

CLIFFS MARQUETTE, INC.

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

CLIFFS MC EMPIRE, INC.

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

CLIFFS TIOP, INC.

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

LAKE SUPERIOR & ISHPEMING RAILROAD
COMPANY

By: /s/ R. Emmet

Name: Robert Emmet
Title: Assistant Treasurer

LASCO DEVELOPMENT CORPORATION

By: /s/ R. Emmet

Name: Robert Emmet
Title: Assistant Treasurer

EMPIRE-CLIFFS PARTNERSHIP

BY: CLIFFS EMPIRE, INC.,
Its General Partner

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

MARQUETTE IRON MINING PARTNERSHIP

BY: CLEVELAND-CLIFFS ORE CORPORATION
Its General Partner

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

WHEELING-PITTSBURGH/CLIFFS PARTNERSHIP

BY: CLIFFS EMPIRE, INC.,
its General Partner

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

CLIFFS SYNFUEL CORP.

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

This foregoing First Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto and that it has not sold or otherwise transferred any of the Notes originally purchased by it pursuant to the Note Agreements.

J. ROMEO & CO.

By /s/ R. J. Duffy

Name: R. J. Duffy
Title: A Partner, J Romeo & Co.

This foregoing First Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto and that it has not sold or otherwise transferred any of the Notes originally purchased by it pursuant to the Note Agreements.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY

By AIG Global Investment Corp., investment adviser

By /s/ Sarah M. Helmich

Name: Sarah M. Helmich
Title: Vice President

This foregoing First Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto and that it has not sold or otherwise transferred any of the Notes originally purchased by it pursuant to the Note Agreements.

RELIASTAR LIFE INSURANCE COMPANY

f.k.a. NORTHERN LIFE INSURANCE COMPANY

By: ING Investment Management LLC, as Agent

By: /s/ James V. Wittich

Name: James V. Wittich
Title: Senior Vice President

RELIASTAR LIFE INSURANCE COMPANY

By: ING Investment Management LLC, as Agent

By: /s/ James V. Wittich

Name:James V. Wittich
Title: Senior Vice President

This foregoing First Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto and that it has not sold or otherwise transferred any of the Notes originally purchased by it pursuant to the Note Agreements.

FIRST ALLMERICA FINANCIAL LIFE INSURANCE COMPANY

By /s/ Scott C. Hyney

Name: Scott C. Hyney
Title: Assistant Vice President

This foregoing First Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto and that it has not sold or otherwise transferred any of the Notes originally purchased by it pursuant to the Note Agreements.

SUN LIFE ASSURANCE COMPANY OF CANADA

By /s/ J. N. Whelihan

Name: John N. Whelihan
Title: Vice President, U.S. Private Placements for President

By /s/ Michael McSherry

Name: Michael McSherry
Title: Counsel - for Secretary

SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.)

By /s/ J. N. Whelihan

Name: John N. Whelihan
Title: Vice President, U.S.
Private Placements for President

By /s/ Michael McSherry

Name: Michael McSherry
Title: Counsel - for Secretary

CLARICA LIFE INSURANCE COMPANY
(U.S. BRANCH)

By /s/ J. N. Whelihan

Name: John N. Whelihan
Title: Vice President, U.S. Private Placements
for President

By /s/ Michael McSherry

Name: Michael McSherry
Title: Counsel - for Secretary

This foregoing First Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto and that it has not sold or otherwise transferred any of the Notes originally purchased by it pursuant to the Note Agreements.

THE GREAT SOUTHERN LIFE INSURANCE CO.

By /s/ Greg Hamilton

Name: Greg Hamilton
Title: Vice President-Investments

This foregoing First Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto and that it has not sold or otherwise transferred any of the Notes originally purchased by it pursuant to the Note Agreements.

THE UNION CENTRAL LIFE INSURANCE COMPANY

By /s/ Gary R. Rodmaker

Name: Gary R. Rodmaker
Title: Second Vice President

This foregoing First Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto and that it has not sold or otherwise transferred any of the Notes originally purchased by it pursuant to the Note Agreements.

PAN-AMERICAN LIFE INSURANCE COMPANY

By /s/ Rodolfo J. Revuelta

Name: Rodolfo J. Revuelta
Title: Vice President, Securities

This foregoing First Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto and that it has not sold or otherwise transferred any of the Notes originally purchased by it pursuant to the Note Agreements.

STANDARD INSURANCE COMPANY

By /s/ Julie Grandstaff

Name: Julie Grandstaff
Title: Assistant Vice President

This foregoing First Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto and that it has not sold or otherwise transferred any of the Notes originally purchased by it pursuant to the Note Agreements.

WOODMEN ACCIDENT AND LIFE COMPANY

By /s/ Victor Weber

Name: Victor Weber
Title: Director, Securities Investments, Chief Investment Officer & Asst. Treasurer

<TABLE>
<CAPTION>

NAME OF HOLDER	OUTSTANDING PRINCIPAL AMOUNT AND SERIES OF NOTES HELD AS OF DECEMBER 14, 2002
<S>	<C>
J. ROMEO & CO.	$10,000,000
J. ROMEO & CO.	$4,000,000
J. ROMEO & CO.	$1,000,000

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY	$10,000,000
NORTHERN LIFE INSURANCE COMPANY	$5,000,000
NORTHWESTERN NATIONAL LIFE INSURANCE COMPANY	$4,500,000
FIRST ALLMERICA FINANCIAL LIFE INSURANCE COMPANY	$4,500,000
ALLMERICA FINANCIAL LIFE INSURANCE AND ANNUITY COMPANY	$5,000,000
SUN LIFE ASSURANCE COMPANY OF CANADA	$3,000,000 $1,000,000 $1,000,000
SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.)	$1,000,000
U.S. BRANCH OF CLARICA LIFE INSURANCE COMPANY	$1,000,000
PEBBLE CHART & CO. (as nominee for Great Southern Life Insurance Company)	$5,000,000
HARE & CO. (as nominee for The Union Central Life Insurance Company)	$4,500,000
PAN-AMERICAN LIFE INSURANCE COMPANY	$4,500,000
HARE & CO (as nominee for Standard Insurance Company)	$2,500,000
WOODMEN ACCIDENT AND LIFE COMPANY	$2,500,000

</TABLE>

SCHEDULE I
(to First Amendment Agreement)

CLEVELAND-CLIFFS INC
Senior Note
Due December 15, 2005

No.

_____, 20__

$

CLEVELAND-CLIFFS INC, an Ohio corporation (the "Company"), for value received, hereby promises to pay to

or registered assigns
on the fifteenth day of December, 2005
the principal amount of

DOLLARS ($_____)

and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the principal amount from time to time remaining unpaid hereon at the rate of (i) 7.00% per annum from the date hereof until December 14, 2003, and (ii) 9.50% per annum from December 15, 2003 until December 14, 2004 and (iii) 10.50% per annum from December 15, 2004 until maturity, payable semi-annually on the fifteenth day of each June and December in each year (commencing on the first of such dates after the date hereof) and at maturity. The Company agrees to pay interest on overdue principal (including any overdue required or optional prepayment of principal) Make-Whole Amount, if any, and (to the extent legally enforceable) on any overdue installment of interest, at the rate of (i) 9.00% per annum after the due date during the period from the date hereof until December 14, 2003 and (ii) 11.50% per annum after the due date during the period from December 15, 2003 until December 14, 2004 and (iii) 12.50% per annum after the due date during the period from December 15, 2004 until maturity, whether by acceleration or otherwise, until paid. Both the principal hereof and interest hereon are payable at the principal office of the Company in Cleveland, Ohio in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts.

This Note is one of the Senior Notes due December 15, 2005 (the "Notes") of the Company in the aggregate principal amount of $70,000,000 issued or to be issued under and pursuant to the terms and provisions of the separate Note Agreements, each dated as of December 15, 1995 (the "Note Agreements"), entered into by the Company with the original Purchasers therein referred to and this Note and the holder hereof are entitled equally and ratably

with the holders of all other Notes outstanding under the Note Agreements to all the benefits provided for thereby or referred to therein including, without limitation, the benefits and security of all other Financing Agreements (as defined in the Note Agreements). Reference is hereby made to the Financing Agreements for a statement of such rights and benefits.

This Note and the other Notes outstanding under the Note Agreements may be declared due prior to their expressed maturity dates and certain prepayments are required to be made thereon, all in the events, on the terms and in the manner and amounts as provided in the Note Agreements.

The Notes are not subject to prepayment or redemption at the option of the Company prior to their expressed maturity dates except on the terms and conditions and in the amounts and with the Make-Whole Amount, if any, set forth in the Note Agreements.

This Note is registered on the books of the Company and is transferable only by surrender thereof at the principal office of the Company duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of this Note or its attorney duly authorized in writing. Payment of or on account of principal, Make-Whole Amount, if any, and interest on this Note shall be made only to or upon the order in writing of the registered holder.

CLEVELAND-CLIFFS INC

By _____
Its

FORM OF SUBSIDIARY GUARANTY

==========

SUBSIDIARY GUARANTY AGREEMENT

Dated as of December 15, 2002

$70,000,000 7.00% Senior Notes, due December 15, 2005

of

CLEVELAND-CLIFFS INC

==========

EXHIBIT B

(to Note Purchase Agreements)
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(Not a part of the Agreement)

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SUBSIDIARY GUARANTY AGREEMENT

$70,000,000 7.00% Senior Notes, due December 15, 2005

This SUBSIDIARY GUARANTY AGREEMENT dated as of December 15, 2002 (the or this "Guaranty") is entered into on a joint and several basis by the undersigned, together with any entity which may become a party hereto by execution and delivery of a Subsidiary Guaranty Supplement in substantially the form set forth as EXHIBIT A hereto (a "Guaranty Supplement") (which parties are hereinafter referred to individually as a "Guarantor" and collectively as the "Guarantors").

RECITALS

A. Each Guarantor is a subsidiary or affiliate of Cleveland-Cliffs Inc, an Ohio corporation (the "Obligor").

B. The Obligor has entered into those certain separate Note Agreements each dated as of December 15, 1995 (the "Existing Note Agreements") among the Obligor and each of the purchasers named on Schedule I thereto (the "Initial Note Purchasers"; the Initial Note Purchasers, together with their successors, assigns or any other future holder of the Notes (as defined below), the "Holders"), providing for, inter alia, the issue and sale by the Obligor to the Initial Note Purchasers of $70,000,000 aggregate principal amount of their 7.00% Senior Notes due December 15, 2005 (the "Notes").

C. The Obligor desires the Holders to enter into that certain First Amendment Agreement dated as of December 15, 2002 (the Existing Note Agreements, as amended by the First Amendment Agreement are hereby referred to as the "Note Agreements"). The Holders have required as a condition to their execution of the First Amendment Agreement that the Obligor cause the undersigned to enter into this Guaranty and cause each entity that becomes a Subsidiary Guarantor (as defined in the Note Agreements) after December 15, 2002 to enter into a Guaranty Supplement, in each case as security for the Notes, and the Obligor has agreed to cause the undersigned to execute this Guaranty and to cause such Subsidiaries to execute a Guaranty Supplement, in each case in order to induce the Holders to execute the First Amendment Agreement and thereby benefit the Holder and its Subsidiaries.

D. Each of the Guarantors will derive substantial direct and indirect benefit from the execution of the First Amendment Agreement by the Holders.

NOW, THEREFORE, as required by Section 5.21 of the Note Agreements and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, each Guarantor does hereby covenant and agree, jointly and severally, as follows:

SECTION 1. DEFINITIONS.

Capitalized terms used herein shall have the meanings set forth in the Note Agreements unless herein defined or the context shall otherwise require.

SECTION 2. GUARANTY OF NOTES AND NOTE AGREEMENTS

(a) Each Guarantor jointly and severally does hereby irrevocably, absolutely and unconditionally guarantee unto the Holders: (1) the full and prompt payment of the principal of, premium, if any, and interest on the Notes from time to time outstanding, as and when such payments shall become due and

payable whether by lapse of time, upon redemption or prepayment, by extension or by acceleration or declaration or otherwise (including (to the extent legally enforceable) interest due on overdue payments of principal, premium, if any, or interest at the rate set forth in the Notes) in Federal or other immediately available funds of the United States of America which at the time of payment or demand therefor shall be legal tender for the payment of public and private debts, (2) the full and prompt performance and observance by the Obligor of each and all of the obligations, covenants and agreements required to be performed or owed by the Obligor under the terms of the Notes, the Note Agreements and any other Financing Agreements of the Obligor and (3) the full and prompt payment, upon demand by any Holder of all costs and expenses, legal or otherwise (including reasonable attorneys' fees), if any, as shall have been expended or incurred in the enforcement of any rights, privileges or liabilities in favor of the Holders under or in respect of the Notes, the Note Agreements and any other Financing Agreements of the Obligor or under this Guaranty or in any consultation or action in connection therewith or herewith.

(b) The liability of each Guarantor under this Guaranty shall not exceed an amount equal to a maximum amount as will, after giving effect to such maximum amount and all other liabilities of such Guarantor, contingent or otherwise, result in the obligations of such Guarantor hereunder not constituting a fraudulent transfer, obligation or conveyance.

SECTION 3. GUARANTY OF PAYMENT AND PERFORMANCE

This is a guarantee of payment and performance and each Guarantor hereby waives, to the fullest extent permitted by law, any right to require that any action on or in respect of any Note or the Note Agreements or any other Financing Agreement be brought against the Obligor or any other Person or that resort be had to any direct or indirect security for the Financing Agreement or any other remedy. Any Holder may, at its option, proceed hereunder against any Guarantor in the first instance to collect monies when due, the payment of which is guaranteed hereby, without first proceeding against the Obligor or any other Person and without first resorting to any direct or indirect security for the Notes or for this Guaranty or any other remedy. The liability of each Guarantor hereunder shall in no way be affected or impaired by any acceptance by any Holder of any direct or indirect security for, or other guaranties of, any Indebtedness, liability or obligation of the Obligor or any other Person to any Holder or by any failure, delay, neglect or omission by any Holder to realize upon or protect any such guarantees, Indebtedness, liability or obligation or any notes or other instruments evidencing the same or any

direct or indirect security therefor or by any approval, consent, waiver, or other action taken, or omitted to be taken by any such Holder.

The covenants and agreements on the part of the Guarantors herein contained shall take effect as joint and several covenants and agreements, and references to the Guarantors shall take effect as references to each of them and none of them shall be released from liability hereunder by reason of the guarantee ceasing to be binding as a continuing security on any other of them.

SECTION 4. GENERAL PROVISIONS RELATING TO THE GUARANTY.

(a) Each Guarantor hereby consents and agrees that any Holder or Holders from time to time, with or without any further notice to or assent from any other Guarantor may, without in any manner affecting the liability of any Guarantor under this Guaranty, and upon such terms and conditions as any such Holder or Holders may deem advisable:

(1) extend in whole or in part (by renewal or otherwise), modify, change, compromise, release or extend the duration of the time for the performance or payment of any Indebtedness, liability or obligation of the Obligor or of any other Person secondarily or otherwise liable for any Indebtedness, liability or obligations of the Obligor on the Notes, or waive any Default with respect thereto, or waive, modify, amend or change any provision of any other agreement or waive this Guaranty; or

(2) sell, release, surrender, modify, impair, exchange or substitute any and all property, of any nature and from whomsoever received, held by, or for the benefit of, any such Holder as direct or indirect security for the payment or performance of any Indebtedness, liability or obligation of the Obligor or of any other Person secondarily or otherwise liable for any Indebtedness, liability or obligation of the Obligor on the Notes; or

(3) settle, adjust or compromise any claim of the Obligor against any other Person secondarily or otherwise liable for any Indebtedness, liability or obligation of the Obligor on the Notes.

Each Guarantor hereby ratifies and confirms any such extension, renewal, change, sale, release, waiver, surrender, exchange, modification, amendment, impairment, substitution, settlement, adjustment or compromise and that the same shall be binding upon it, and hereby waives, to the fullest extent permitted by law, any and all defenses, counterclaims or offsets which it might or could have

by reason thereof, it being understood that such Guarantor shall at all times be bound by this Guaranty and remain liable hereunder.

(b) Each Guarantor hereby waives, to the fullest extent permitted by law:

(1) notice of acceptance of this Guaranty by the Holders or of the creation, renewal or accrual of any liability of the Obligor, present or future, or of the reliance of such Holders upon this Guaranty (it being understood that every Indebtedness, liability

and obligation described in SECTION 2 hereof shall conclusively be presumed to have been created, contracted or incurred in reliance upon the execution of this Guaranty);

(2) demand of payment by any Holder from the Obligor or any other Person indebted in any manner on or for any of the Indebtedness, liabilities or obligations hereby guaranteed; and

(3) presentment for the payment by any Holder or any other Person of the Notes or any other instrument, protest thereof and notice of its dishonor to any party thereto and to such Guarantor.

The obligations of each Guarantor under this Guaranty and the rights of any Holder to enforce such obligations by any proceedings, whether by action at law, suit in equity or otherwise, shall not be subject to any reduction, limitation, impairment or termination, whether by reason of any claim of any character whatsoever or otherwise and shall not be subject to any defense, set-off, counterclaim (other than any compulsory counterclaim), recoupment or termination whatsoever.

(c) The obligations of the Guarantors hereunder shall be binding upon the Guarantors and their successors and assigns, and shall remain in full force and effect irrespective of:

(1) the genuineness, validity, regularity or enforceability of the Notes, the Note Agreements or any other Financing Agreement or any of the terms of any thereof, the continuance of any obligation on the part of the Obligor or any other Person on or in respect of the Notes or under the Financing Agreements or any other agreement or the power or authority or the lack of power or authority of the Obligor to issue the Notes or the Obligor to execute and deliver the Financing Agreements or any other agreement or of any Guarantor to execute and deliver this Guaranty or to perform any of its obligations hereunder or the existence or continuance of an Obligor or any other Person as a legal entity; or

(2) any default, failure or delay, willful or otherwise, in the performance by the Obligor, any Guarantor or any other Person of any obligations of any kind or character whatsoever under the Notes, the Financing Agreements, this Guaranty or any other agreement; or

(3) any creditors' rights, bankruptcy, receivership or other insolvency proceeding of the Obligor, any Guarantor or any other Person or in respect of the property of the Obligor, any Guarantor or any other Person or any merger, consolidation, reorganization, dissolution, liquidation, the sale of all or substantially all of the assets of or winding up of the Obligor, any Guarantor or any other Person; or

(4) impossibility or illegality of performance on the part of the Obligor, any Guarantor or any other Person of its obligations under the Notes, the Financing Agreements, this Guaranty or any other agreements; or

(5) in respect of the Obligor or any other Person, any change of circumstances, whether or not foreseen or foreseeable, whether or not imputable to the Obligor or any other Person, or other impossibility of performance through fire, explosion, accident, labor disturbance, floods, droughts, embargoes, wars (whether or not declared), civil commotion, acts of God or the public enemy, delays or failure of suppliers or carriers, inability to obtain materials, action of any Federal or state regulatory body or agency, change of law or any other causes affecting performance, or any other force majeure, whether or not beyond the control of the Obligor or any other Person and whether or not of the kind hereinbefore specified; or

(6) any attachment, claim, demand, charge, Lien, order, process, encumbrance or any other happening or event or reason, similar or dissimilar to the foregoing, or any withholding or diminution at the source, by reason of any taxes, assessments, expenses, Indebtedness, obligations or liabilities of any character, foreseen or unforeseen, and whether or not valid, incurred by or against the Obligor, any Guarantor or any other Person or any claims, demands, charges or Liens of any nature, foreseen or unforeseen, incurred by the Obligor, any Guarantor or any

other Person, or against any sums payable in respect of the Notes or under the Financing Agreements or this Guaranty, so that such sums would be rendered inadequate or would be unavailable to make the payments herein provided; or

(7) any order, judgment, decree, ruling or regulation (whether or not valid) of any court of any nation or of any political subdivision thereof or any body, agency, department, official or administrative or regulatory agency of any thereof or any other action, happening, event or reason whatsoever which shall delay, interfere with, hinder or prevent, or in any way adversely affect, the performance by the Obligor, any Guarantor or any other Person of its respective obligations under or in respect of the Notes, the Financing Agreements, this Guaranty or any other agreement; or

(8) the failure of any Guarantor to receive any benefit from or as a result of its execution, delivery and performance of this Guaranty; or

(9) any failure or lack of diligence in collection or protection, failure in presentment or demand for payment, protest, notice of protest, notice of default and of nonpayment, any failure to give notice to any Guarantor of failure of the Obligor, any Guarantor or any other Person to keep and perform any obligation, covenant or agreement under the terms of the Notes, the Financing Agreements, this Guaranty or any other agreement or failure to resort for payment to the Obligor, any Guarantor or to any other Person or to any other guaranty or to any property, security, Liens or other rights or remedies; or

(10) the acceptance of any additional security or other guaranty, the advance of additional money to the Obligor or any other Person, the renewal or extension of the Notes or amendments, modifications, consents or waivers with respect to the Notes, the Financing Agreements or any other agreement, or the sale, release, substitution or exchange of any security for the Notes; or

(11) any merger or consolidation of the Obligor, any Guarantor or any other Person into or with any other Person or any sale, lease, transfer or other disposition of any of the assets of the Obligor, any Guarantor or any other Person to any other Person, or any change in the ownership of any shares or partnership interests of the Obligor, any Guarantor or any other Person; or

(12) any defense whatsoever that: (i) the Obligor or any other Person might have to the payment of the Notes (principal, premium, if any, or interest), other than payment thereof in Federal or other immediately available funds, or (ii) the Obligor or any other Person might have to the performance or observance of any of the provisions of the Notes, the Note Agreements or any other agreement, whether through the satisfaction or purported satisfaction by the Obligor or any other Person of its debts due to any cause such as bankruptcy, insolvency, receivership, merger, consolidation, reorganization, dissolution, liquidation, winding-up or otherwise, other than the defense of indefeasible payment in full in cash of the Notes; or

(13) any act or failure to act with regard to the Notes, the Financing Agreements, this Guaranty or any other agreement or anything which might vary the risk of any Guarantor or any other Person; or

(14) any other circumstance which might otherwise constitute a defense available to, or a discharge of, any Guarantor or any other Person in respect of the obligations of any Guarantor or other Person under this Guaranty or any other agreement, other than the defense of indefeasible payment in full in cash of the Notes;

provided that the specific enumeration of the above-mentioned acts, failures or omissions shall not be deemed to exclude any other acts, failures or omissions, though not specifically mentioned above, it being the purpose and intent of this Guaranty and the parties hereto that the obligations of each Guarantor shall be absolute and unconditional and shall not be discharged, impaired or varied except by the payment of the principal of, premium, if any, and interest on the Notes in accordance with their respective terms whenever the same shall become due and payable as in the Notes provided, at the place specified in and all in the manner and with the effect provided in the Notes and the Financing Agreements, as each may be amended or modified from time to time. Without limiting the foregoing, it is understood that repeated and successive demands may be made and recoveries may be had hereunder as and when, from time to time, the Obligor shall default under or in respect of the terms of the Notes or the Financing Agreements and that notwithstanding recovery hereunder for or in respect of any given default or defaults by the Obligor under the Notes or the Financing Agreements, this Guaranty shall remain in full force and effect and shall apply to each and every subsequent default.

(d) All rights of any Holder may be transferred or assigned at any time in accordance with the Note Agreements and shall be considered to be transferred or assigned at any time or from time to time upon the transfer of such Note in accordance with the Note Agreements whether with or without the consent of or notice to the Guarantors under this Guaranty.

(e) To the extent of any payments made under this Guaranty, the Guarantors shall be subrogated to the rights of the Holder or Holders upon whose Notes such payment was made, but each Guarantor covenants and agrees that such right of subrogation shall be junior and subordinate in right of payment to the prior indefeasible final payment in cash in full of all amounts due and owing by the Obligor with respect to the Notes and the Financing Agreements and by the Guarantors under this Guaranty, and the Guarantors shall not take any action to enforce such right of subrogation, and the Guarantors shall not accept any payment in respect of such right of subrogation, until all amounts due and owing by the Obligor under or in respect of the Notes and the Financing Agreements and all amounts due and owing by the Guarantors hereunder have indefeasibly been paid in cash in full. If any amount shall be paid to any Guarantor in violation of the preceding sentence at any time prior to the indefeasible payment in cash in full of the Notes and all other amounts payable under the Notes, the Financing Agreements and this Guaranty, such amount shall be held in trust for the benefit of the Holders and shall forthwith be paid to the Holders to be credited and applied to the amounts due or to become due with respect to the Notes and all other amounts payable under the Financing Agreements and this Guaranty, whether matured or unmatured.

(f) To the extent of any payments made under this Guaranty, each Guarantor making such payment shall have a right of contribution from the other Guarantors, but such Guarantor covenants and agrees that such right of contribution shall be subordinate in right of payment to the rights of the Holders for which full payment has not been made or provided for and, to that end, such Guarantor agrees not to claim or enforce any such right of contribution unless and until all of the Notes and all other sums due and payable under the Financing Agreements have been fully and irrevocably paid and discharged.

(g) Each Guarantor agrees that to the extent the Obligor or any other Person makes any payment on any Note, which payment or any part thereof is subsequently invalidated, voided, declared to be fraudulent or preferential, set aside, recovered, rescinded or is required to be retained by or repaid to a trustee, receiver, or any other Person under any bankruptcy code, common law, or equitable cause, then and to the extent of such payment, the obligation or the part thereof intended to be satisfied shall be revived and continued in full force and effect with respect to the Guarantors' obligations hereunder, as if said payment had not been made. The liability of the Guarantors hereunder shall not be reduced or discharged, in whole or in part, by any payment to any Holder from any source that is thereafter paid, returned or refunded in whole or in part by reason of the assertion of a claim of any kind relating thereto, including, but not limited to, any claim for breach of contract, breach of warranty, preference, illegality, invalidity, or fraud asserted by any account debtor or by any other Person.

(h) No Holder shall be under any obligation: (1) to marshal any assets in favor of the Guarantors or in payment of any or all of the liabilities of the Obligor under or in respect of the Notes or the obligations of the Guarantors hereunder or (2) to pursue any other remedy that the Guarantors may or may not be able to pursue themselves and that may lighten the Guarantors' burden, any right to which each Guarantor hereby expressly waives.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE GUARANTORS

Each Guarantor represents and warrants to each Holder that:

(a) Such Guarantor is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on (1) the business, operations, affairs, financial condition, assets or properties of the Obligor and its subsidiaries, taken as a whole, or (2) the ability of such Guarantor to perform its obligations under this Guaranty, or (3) the validity or enforceability of this Guaranty (herein in this SECTION 5, a "Material Adverse Effect"). Such Guarantor has the power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Guaranty and to perform the provisions hereof.

(b) This Guaranty has been duly authorized by all necessary action on the part of such Guarantor, and this Guaranty constitutes a legal, valid and binding

obligation of such Guarantor enforceable against such Guarantor in accordance with its terms, except as such enforceability may be limited by (1) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (2) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(c) The execution, delivery and performance by such Guarantor of this Guaranty will not (1) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of such Guarantor or any of its Subsidiaries under any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, charter document or by-law, or any other agreement or instrument to which such Guarantor or any of its Subsidiaries is bound or by which such Guarantor or any of its Subsidiaries or any of their respective properties may be bound or affected, (2) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or governmental authority applicable to such Guarantor or any of its Subsidiaries or (3) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the such Guarantor or any of its Subsidiaries.

(d) No consent, approval or authorization of, or registration, filing or declaration with, any governmental authority is required in connection with the execution, delivery or performance by such Guarantor of this Guaranty.

(e) Such Guarantor is solvent, has capital not unreasonably small in relation to its business or any contemplated or undertaken transaction and has assets having a value both at fair valuation and at present fair salable value greater than the amount required to pay its debts as they become due and greater than the amount that will be required to pay its probable liability on its existing debts as they become absolute and matured. Such Guarantor does not intend to incur,

or believe or should have believed that it will incur, debts beyond its ability to pay such debts as they become due. Such Guarantor will not be rendered insolvent by the execution and delivery of, this Guaranty and, on a consolidated basis with all Obligors, will not be rendered insolvent. Such Guarantor does not intend to hinder, delay or defraud its creditors by or through the execution and delivery of, or performance of its obligations under, this Guaranty.

SECTION 6. GUARANTOR COVENANTS.

From and after the date of execution of the First Amendment Agreement by the Obligor and continuing so long as any amount remains unpaid thereon each Guarantor agrees to comply with the terms and provisions of Section 5 of the Note Agreements, insofar as such provisions apply to such Guarantor, as if said Sections were set forth herein in full.

SECTION 7. GOVERNING LAW

(a) THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS APPLICABLE THEREIN.

(b) Each Guarantor hereby (i) irrevocably submits and consents to the jurisdiction of the federal court located in Illinois (or, if such court lacks jurisdiction, the State courts located therein), and irrevocably agrees that all actions or proceedings relating to this Guaranty may be litigated in such courts, and (ii) waives any objection which it may have based on improper venue or forum non conveniens to the conduct of any proceeding in any such court and waives personal service of any and all process upon it, and (iii) consents that all such service of process be made by delivery to it at the address of such Person set forth in SECTION 11 below. Nothing contained in this section shall affect the right of any Holder to serve legal process in any other manner permitted by law or to bring any action or proceeding in the courts of any jurisdiction against a Guarantor or to enforce a judgment obtained in the courts of any other jurisdiction.

(c) THE PARTIES HERETO WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, BETWEEN THEM ARISING OUT OF, CONNECTED WITH, RELATED TO OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS GUARANTY, ANY FINANCING AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS RELATED HERETO. THE PARTIES HERETO HEREBY AGREE AND CONSENT THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT ANY OF THEM MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS GUARANTY WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

SECTION 8. AMENDMENTS, WAIVERS AND CONSENTS.

(a) This Guaranty may be amended, and the observance of any term hereof may be waived (either retroactively or prospectively), with (and only with) the written consent of each Guarantor and the Holders.

(b) The Guarantors will provide each Holder (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such Holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof. The Guarantors will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this SECTION 8 to each Holder promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the Required Holders.

(c) The Obligors will not directly or indirectly pay or cause to be paid any remuneration, whether by way of fee or otherwise, or grant any security, to any Holder as consideration for or as an inducement to the entering into by any Holder of any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted, on the same terms, ratably to each Holder even if such Holder did not consent to such waiver or amendment.

(d) Any amendment or waiver consented to as provided in this SECTION 8 applies equally to all Holders and is binding upon them and upon each future holder and upon the Guarantors. No such amendment or waiver will extend to or affect any obligation, covenant or agreement not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Guarantors and any Holder nor any delay in exercising any rights hereunder shall operate as a waiver of any rights of any Holder. As used herein, the term "this Guaranty" and references thereto shall mean this Guaranty as it may from time to time be amended or supplemented.

(e) Solely for the purpose of determining whether the Holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Guaranty, Notes directly or indirectly owned by any Guarantor, the Obligors or any of their respective subsidiaries or Affiliates shall be deemed not to be outstanding.

SECTION 9. NOTICES

All notices and communications provided for hereunder shall be in writing and sent (a) by telefacsimile if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(1) if to any Holder or such Holder's nominee, to such Holder or such Holder's nominee at the address specified for such communications in Schedule I to the Note Agreements, or at such other address as such Holder or such Holder's nominee shall have specified to any Obligor in writing,

(2) if to any Guarantor, to such Guarantor c/o Cleveland-Cliffs Inc at its address set forth at the beginning of the Note Agreements to the attention of Chief Financial Officer, or at such other address as such Guarantor shall have specified to the Holders in writing.

Notices under this SECTION 9 will be deemed given only when actually received.

SECTION 10. MISCELLANEOUS.

(a) No remedy herein conferred upon or reserved to any Holder is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Guaranty now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle any Holder to exercise any remedy reserved to it under this Guaranty, it shall not be necessary for such Holder to physically produce its Note in any proceedings instituted by it or to give any notice, other than such notice as may be herein expressly required.

(b) The Guarantors will pay all sums becoming due under this Guaranty by the method and at the address specified in the Note Agreements, or by such other method or at such other address as any Holder shall have from time to time specified to the Guarantors in writing for such purpose, without the presentation or surrender of this Guaranty or any Note.

(c) Any provision of this Guaranty that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of

such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

(d) If the whole or any part of this Guaranty shall be now or hereafter become unenforceable against any one or more of the Guarantors for any reason whatsoever or if it is not executed by any one or more of the Guarantors, this Guaranty shall nevertheless be and remain fully binding upon and enforceable against each other Guarantor as if it had been made and delivered only by such other Guarantors.

(e) This Guaranty shall be binding upon each Guarantor and its successors and assigns and shall inure to the benefit of each Holder and its successors and assigns so long as its Notes remain outstanding and unpaid.

(f) This Guaranty may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

SECTION 11. INDEMNITY.

To the fullest extent of applicable law, each Guarantor shall indemnify and save each Holder harmless from and against any losses (other than any such losses created as a result of the gross negligence or willful misconduct of any Holder) which may arise by virtue of any of the obligations hereby guaranteed being or becoming for any reason whatsoever in whole or in part void, voidable, contrary to law, invalid, ineffective or otherwise unenforceable by the Holder or any of them in accordance with its terms (all of the foregoing collectively, an "Indemnifiable Circumstance"). For greater certainty, these losses shall include without limitation all obligations hereby guaranteed which would have been payable by the Obligor but for the existence of an Indemnifiable Circumstance; provided, however, that the extent of the Guarantor's aggregate liability under this SECTION 11 shall not at any time exceed the amount (but for any Indemnifiable Circumstance) otherwise guaranteed pursuant to SECTION 2.

[Intentionally Blank]

IN WITNESS WHEREOF, the undersigned has caused this Guaranty to be duly executed by an authorized representative as of this 15th day of December, 2002.

[SUBSIDIARY GUARANTORS]

BY: _____
Name:
Title:

SUBSIDIARY GUARANTY SUPPLEMENT

To the Holders of the Notes (as hereinafter defined)

Ladies and Gentlemen:

CLEVELAND-CLIFFS INC, a Delaware corporation (the "Obligor"), issued $70,000,000 aggregate principal amount of its 7.00% Senior Notes, due December 15, 2005 pursuant to those certain separate Note Agreements, each dated as of December 15, 1995 (the "Existing Note Agreements") among the Obligor and each of the purchasers named on Schedule I thereto (the "Initial Note Purchasers," together with their successors, assigns or any other future holder of the Notes, the "Holders").

The Obligor desires the Holders to enter into that certain First Amendment Agreement dated as of December 15, 2002 (the Existing Note Agreements, as amended by the First Amendment Agreement, and as amended from time to time are hereby referred to as the "Note Agreements"), the Holders required that _____ enter into a Subsidiary Guaranty Agreement as security for the Notes (the "Subsidiary Guaranty").

Pursuant to Section 5.21 of the Note Agreements, the Obligor has agreed to cause the undersigned, _____, a _____ organized under the laws of _____ (the "Additional Guarantor"), to join in the Subsidiary Guaranty. In accordance with the requirements of the Subsidiary Guaranty, the Additional Guarantor desires to amend the definition of Guarantor (as the same may have been heretofore amended) set forth in the Subsidiary Guaranty attached hereto so that at all times from and after the date hereof,

the Additional Guarantor shall be jointly and severally liable as set forth in the Subsidiary Guaranty for the obligations of the Obligor under the Financing Agreements and Notes to the extent and in the manner set forth in the Subsidiary Guaranty.

The undersigned is the duly elected _____ of the Additional Guarantor, a Subsidiary or Affiliate of the Obligor, and is duly authorized to execute and deliver this Guaranty Supplement to each of you. The execution by the undersigned of this Guaranty Supplement shall evidence its consent to and acknowledgment and approval of the terms set forth herein and in the Subsidiary Guaranty and by such execution the Additional Guarantor shall be deemed to have made in favor of the Holders the representations and warranties set forth in Section 5 of the Subsidiary Guaranty.

Upon execution of this Subsidiary Guaranty Supplement, the Subsidiary Guaranty shall be deemed to be amended as set forth above. Except as amended herein, the terms and provisions of the Subsidiary Guaranty are hereby ratified, confirmed and approved in all respects.

EXHIBIT A
(to Subsidiary Guaranty)

Any and all notices, requests, certificates and other instruments (including the Notes) may refer to the Subsidiary Guaranty without making specific reference to this Subsidiary Guaranty Supplement, but nevertheless all such references shall be deemed to include this Subsidiary Guaranty Supplement unless the context shall otherwise require.

Dated: _____, _____.

[NAME OF ADDITIONAL GUARANTOR]

By

Its

==========

SUBSIDIARY GUARANTY AGREEMENT

Dated as of December 15, 2002

$70,000,000 7.00% Senior Notes, due December 15, 2005

of

CLEVELAND-CLIFFS INC

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(Not a part of the Agreement)

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SUBSIDIARY GUARANTY AGREEMENT

$70,000,000 7.00% Senior Notes, due December 15, 2005

This SUBSIDIARY GUARANTY AGREEMENT dated as of December 15, 2002 (the or this "Guaranty") is entered into on a joint and several basis by the undersigned, together with any entity which may become a party hereto by execution and delivery of a Subsidiary Guaranty Supplement in substantially the form set forth as EXHIBIT A hereto (a "Guaranty Supplement") (which parties are hereinafter referred to individually as a "Guarantor" and collectively as the "Guarantors").

RECITALS

A. Each Guarantor is a subsidiary or affiliate of Cleveland-Cliffs Inc, an Ohio corporation (the "Obligor").

B. The Obligor has entered into those certain separate Note Agreements each dated as of December 15, 1995 (the "Existing Note Agreements") among the

Obligor and each of the purchasers named on Schedule I thereto (the "Initial Note Purchasers"; the Initial Note Purchasers, together with their successors, assigns or any other future holder of the Notes (as defined below), the "Holders"), providing for, inter alia, the issue and sale by the Obligor to the Initial Note Purchasers of $70,000,000 aggregate principal amount of their 7.00% Senior Notes due December 15, 2005 (the "Notes").

C. The Obligor desires the Holders to enter into that certain First Amendment Agreement dated as of December 15, 2002 (the Existing Note Agreements, as amended by the First Amendment Agreement are hereby referred to as the "Note Agreements"). The Holders have required as a condition to their execution of the First Amendment Agreement that the Obligor cause the undersigned to enter into this Guaranty and cause each entity that becomes a Subsidiary Guarantor (as defined in the Note Agreements) after December 15, 2002 to enter into a Guaranty Supplement, in each case as security for the Notes, and the Obligor has agreed to cause the undersigned to execute this Guaranty and to cause such Subsidiaries to execute a Guaranty Supplement, in each case in order to induce the Holders to execute the First Amendment Agreement and thereby benefit the Holder and its Subsidiaries.

D. Each of the Guarantors will derive substantial direct and indirect benefit from the execution of the First Amendment Agreement by the Holders.

NOW, THEREFORE, as required by Section 5.21 of the Note Agreements and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, each Guarantor does hereby covenant and agree, jointly and severally, as follows:

SECTION 1. DEFINITIONS.

Capitalized terms used herein shall have the meanings set forth in the Note Agreements unless herein defined or the context shall otherwise require.

SECTION 2. GUARANTY OF NOTES AND NOTE AGREEMENTS

(a) Each Guarantor jointly and severally does hereby irrevocably, absolutely and unconditionally guarantee unto the Holders: (1) the full and prompt payment of the principal of, premium, if any, and interest on the Notes from time to time outstanding, as and when such payments shall become due and payable whether by lapse of time, upon redemption or prepayment, by extension or by acceleration or declaration or otherwise (including (to the extent legally enforceable) interest due on overdue payments of principal, premium, if any, or interest at the rate set forth in the Notes) in Federal or other immediately available funds of the United States of America which at the time of payment or demand therefor shall be legal tender for the payment of public and private debts, (2) the full and prompt performance and observance by the Obligor of each and all of the obligations, covenants and agreements required to be performed or owed by the Obligor under the terms of the Notes, the Note Agreements and any other Financing Agreements of the Obligor and (3) the full and prompt payment, upon demand by any Holder of all costs and expenses, legal or otherwise (including reasonable attorneys' fees), if any, as shall have been expended or incurred in the enforcement of any rights, privileges or liabilities in favor of the Holders under or in respect of the Notes, the Note Agreements and any other Financing Agreements of the Obligor or under this Guaranty or in any consultation or action in connection therewith or herewith.

(b) The liability of each Guarantor under this Guaranty shall not exceed an amount equal to a maximum amount as will, after giving effect to such maximum amount and all other liabilities of such Guarantor, contingent or otherwise, result in the obligations of such Guarantor hereunder not constituting a fraudulent transfer, obligation or conveyance.

SECTION 3. GUARANTY OF PAYMENT AND PERFORMANCE

This is a guarantee of payment and performance and each Guarantor hereby waives, to the fullest extent permitted by law, any right to require that any action on or in respect of any Note or the Note Agreements or any other Financing Agreement be brought against the Obligor or any other Person or that resort be had to any direct or indirect security for the Financing Agreement or any other remedy. Any Holder may, at its option, proceed hereunder against any Guarantor in the first instance to collect monies when due, the payment of which is guaranteed hereby, without first proceeding against the Obligor or any other Person and without first resorting to any direct or indirect security for the Notes or for this Guaranty or any other remedy. The liability of each Guarantor hereunder shall in no way be affected or impaired by any acceptance by any Holder of any direct or indirect security for, or other guaranties of, any Indebtedness, liability or obligation of the Obligor or any other Person to any Holder or by any failure, delay, neglect or omission by any Holder to realize upon or protect any such guarantees, Indebtedness, liability or obligation or any notes or other instruments evidencing the same or any

direct or indirect security therefor or by any approval, consent, waiver, or other action taken, or omitted to be taken by any such Holder.

The covenants and agreements on the part of the Guarantors herein contained shall take effect as joint and several covenants and agreements, and references to the Guarantors shall take effect as references to each of them and none of them shall be released from liability hereunder by reason of the guarantee ceasing to be binding as a continuing security on any other of them.

SECTION 4. GENERAL PROVISIONS RELATING TO THE GUARANTY.

(a) Each Guarantor hereby consents and agrees that any Holder or Holders from time to time, with or without any further notice to or assent from any other Guarantor may, without in any manner affecting the liability of any Guarantor under this Guaranty, and upon such terms and conditions as any such Holder or Holders may deem advisable:

(1) extend in whole or in part (by renewal or otherwise), modify, change, compromise, release or extend the duration of the time for the performance or payment of any Indebtedness, liability or obligation of the Obligor or of any other Person secondarily or otherwise liable for any Indebtedness, liability or obligations of the Obligor on the Notes, or waive any Default with respect thereto, or waive, modify, amend or change any provision of any other agreement or waive this Guaranty; or

(2) sell, release, surrender, modify, impair, exchange or substitute any and all property, of any nature and from whomsoever received, held by, or for the benefit of, any such Holder as direct or indirect security for the payment or performance of any Indebtedness, liability or obligation of the Obligor or of any other Person secondarily or otherwise liable for any Indebtedness, liability or obligation of the Obligor on the Notes; or

(3) settle, adjust or compromise any claim of the Obligor against any other Person secondarily or otherwise liable for any Indebtedness, liability or obligation of the Obligor on the Notes.

Each Guarantor hereby ratifies and confirms any such extension, renewal, change, sale, release, waiver, surrender, exchange, modification, amendment, impairment, substitution, settlement, adjustment or compromise and that the same shall be binding upon it, and hereby waives, to the fullest extent permitted by law, any and all defenses, counterclaims or offsets which it might or could have by reason thereof, it being understood that such Guarantor shall at all times be bound by this Guaranty and remain liable hereunder.

(b) Each Guarantor hereby waives, to the fullest extent permitted by law:

(1) notice of acceptance of this Guaranty by the Holders or of the creation, renewal or accrual of any liability of the Obligor, present or future, or of the reliance of such Holders upon this Guaranty (it being understood that every Indebtedness, liability

and obligation described in SECTION 2 hereof shall conclusively be presumed to have been created, contracted or incurred in reliance upon the execution of this Guaranty);

(2) demand of payment by any Holder from the Obligor or any other Person indebted in any manner on or for any of the Indebtedness, liabilities or obligations hereby guaranteed; and

(3) presentment for the payment by any Holder or any other Person of the Notes or any other instrument, protest thereof and notice of its dishonor to any party thereto and to such Guarantor.

The obligations of each Guarantor under this Guaranty and the rights of any Holder to enforce such obligations by any proceedings, whether by action at law, suit in equity or otherwise, shall not be subject to any reduction, limitation, impairment or termination, whether by reason of any claim of any character whatsoever or otherwise and shall not be subject to any defense, set-off, counterclaim (other than any compulsory counterclaim), recoupment or termination whatsoever.

(c) The obligations of the Guarantors hereunder shall be binding upon the Guarantors and their successors and assigns, and shall remain in full force and effect irrespective of:

(1) the genuineness, validity, regularity or enforceability of the Notes, the Note Agreements or any other Financing Agreement or any of the terms of any thereof, the continuance of any obligation on the part of the Obligor or any other Person on or in respect of the Notes or under the Financing Agreements or any other agreement or the power or authority or the lack of power or authority of the Obligor to issue the Notes or the Obligor to execute and deliver the Financing Agreements or any other agreement or of any Guarantor to execute and deliver this Guaranty or to perform any of its obligations hereunder or the existence or continuance of an Obligor or any other Person as a legal entity; or

(2) any default, failure or delay, willful or otherwise, in the performance by the Obligor, any Guarantor or any other Person of any obligations of any kind or character whatsoever under the Notes, the Financing Agreements, this Guaranty or any other agreement; or

(3) any creditors' rights, bankruptcy, receivership or other insolvency proceeding of the Obligor, any Guarantor or any other Person or in respect of the property of the Obligor, any Guarantor or any other Person or any merger, consolidation, reorganization, dissolution, liquidation, the sale of all or substantially all of the assets of or winding up of the Obligor, any Guarantor or any other Person; or

(4) impossibility or illegality of performance on the part of the Obligor, any Guarantor or any other Person of its obligations under the Notes, the Financing Agreements, this Guaranty or any other agreements; or

(5) in respect of the Obligor or any other Person, any change of circumstances, whether or not foreseen or foreseeable, whether or not imputable to the Obligor or any other Person, or other impossibility of performance through fire, explosion, accident, labor disturbance, floods, droughts, embargoes, wars (whether or not declared), civil commotion, acts of God or the public enemy, delays or failure of suppliers or carriers, inability to obtain materials, action of any Federal or state regulatory body or agency, change of law or any other causes affecting performance, or any other force majeure, whether or not beyond the control of the Obligor or any other Person and whether or not of the kind hereinbefore specified; or

(6) any attachment, claim, demand, charge, Lien, order, process, encumbrance or any other happening or event or reason, similar or dissimilar to the foregoing, or any withholding or diminution at the source, by reason of any taxes, assessments, expenses, Indebtedness, obligations or liabilities of any character, foreseen or unforeseen, and whether or not valid, incurred by or against the Obligor, any Guarantor or any other Person or any claims, demands, charges or Liens of any nature, foreseen or unforeseen, incurred by the Obligor, any Guarantor or any other Person, or against any sums payable in respect of the Notes or under the Financing Agreements or this Guaranty, so that such sums would be rendered inadequate or would be unavailable to make the payments herein provided; or

(7) any order, judgment, decree, ruling or regulation (whether or not valid) of any court of any nation or of any political subdivision thereof or any body, agency, department, official or administrative or regulatory agency of any thereof or any other action, happening, event or reason whatsoever which shall delay, interfere with, hinder or prevent, or in any way adversely affect, the performance by the Obligor, any Guarantor or any other Person of its respective obligations under or in respect of the Notes, the Financing Agreements, this Guaranty or any other agreement; or

(8) the failure of any Guarantor to receive any benefit from or as a result of its execution, delivery and performance of this Guaranty; or

(9) any failure or lack of diligence in collection or protection, failure in presentment or demand for payment, protest, notice of protest, notice of default and of nonpayment, any failure to give notice to any Guarantor of failure of the Obligor, any Guarantor or any other Person to keep and perform any obligation, covenant or agreement under the terms of the Notes, the Financing Agreements, this Guaranty or any other agreement or failure to resort for payment to the Obligor, any Guarantor or to any other Person or to any other guaranty or to any property, security, Liens or other rights or remedies; or

(10) the acceptance of any additional security or other guaranty, the advance of additional money to the Obligor or any other Person, the renewal or extension of the Notes or amendments, modifications, consents or waivers with respect to the Notes, the Financing Agreements or any other agreement, or the sale, release, substitution or exchange of any security for the Notes; or

(11) any merger or consolidation of the Obligor, any Guarantor or any other Person into or with any other Person or any sale, lease, transfer or other disposition of any of the assets of the Obligor, any Guarantor or any other Person to any other Person, or any change in the ownership of any shares or partnership interests of the Obligor, any Guarantor or any other Person; or

(12) any defense whatsoever that: (i) the Obligor or any other Person might have to the payment of the Notes (principal, premium, if any, or interest), other than payment thereof in Federal or other immediately

available funds, or (ii) the Obligor or any other Person might have to the performance or observance of any of the provisions of the Notes, the Note Agreements or any other agreement, whether through the satisfaction or purported satisfaction by the Obligor or any other Person of its debts due to any cause such as bankruptcy, insolvency, receivership, merger, consolidation, reorganization, dissolution, liquidation, winding-up or otherwise, other than the defense of indefeasible payment in full in cash of the Notes; or

(13) any act or failure to act with regard to the Notes, the Financing Agreements, this Guaranty or any other agreement or anything which might vary the risk of any Guarantor or any other Person; or

(14) any other circumstance which might otherwise constitute a defense available to, or a discharge of, any Guarantor or any other Person in respect of the obligations of any Guarantor or other Person under this Guaranty or any other agreement, other than the defense of indefeasible payment in full in cash of the Notes;

provided that the specific enumeration of the above-mentioned acts, failures or omissions shall not be deemed to exclude any other acts, failures or omissions, though not specifically mentioned above, it being the purpose and intent of this Guaranty and the parties hereto that the obligations of each Guarantor shall be absolute and unconditional and shall not be discharged, impaired or varied except by the payment of the principal of, premium, if any, and interest on the Notes in accordance with their respective terms whenever the same shall become due and payable as in the Notes provided, at the place specified in and all in the manner and with the effect provided in the Notes and the Financing Agreements, as each may be amended or modified from time to time. Without limiting the foregoing, it is understood that repeated and successive demands may be made and recoveries may be had hereunder as and when, from time to time, the Obligor shall default under or in respect of the terms of the Notes or the Financing Agreements and that notwithstanding recovery hereunder for or in respect of any given default or defaults by the Obligor under the Notes or the Financing Agreements, this Guaranty shall remain in full force and effect and shall apply to each and every subsequent default.

(d) All rights of any Holder may be transferred or assigned at any time in accordance with the Note Agreements and shall be considered to be transferred or assigned at any time or from time to time upon the transfer of such Note in accordance with the Note Agreements whether with or without the consent of or notice to the Guarantors under this Guaranty.

(e) To the extent of any payments made under this Guaranty, the Guarantors shall be subrogated to the rights of the Holder or Holders upon whose Notes such payment was made, but each Guarantor covenants and agrees that such right of subrogation shall be junior and subordinate in right of payment to the prior indefeasible final payment in cash in full of all amounts due and owing by the Obligor with respect to the Notes and the Financing Agreements and by the Guarantors under this Guaranty, and the Guarantors shall not take any action to enforce such right of subrogation, and the Guarantors shall not accept any payment in respect of such right of subrogation, until all amounts due and owing by the Obligor under or in respect of the Notes and the Financing Agreements and all amounts due and owing by the Guarantors hereunder have indefeasibly been paid in cash in full. If any amount shall be paid to any Guarantor in violation of the preceding sentence at any time prior to the indefeasible payment in cash in full of the Notes and all other amounts payable under the Notes, the Financing Agreements and this Guaranty, such amount shall be held in trust for the benefit of the Holders and shall forthwith be paid to the Holders to be credited and applied to the amounts due or to become due with respect to the Notes and all other amounts payable under the Financing Agreements and this Guaranty, whether matured or unmatured.

(f) To the extent of any payments made under this Guaranty, each Guarantor making such payment shall have a right of contribution from the other Guarantors, but such Guarantor covenants and agrees that such right of contribution shall be subordinate in right of payment to the rights of the Holders for which full payment has not been made or provided for and, to that end, such Guarantor agrees not to claim or enforce any such right of contribution unless and until all of the Notes and all other sums due and payable under the Financing Agreements have been fully and irrevocably paid and discharged.

(g) Each Guarantor agrees that to the extent the Obligor or any other Person makes any payment on any Note, which payment or any part thereof is subsequently invalidated, voided, declared to be fraudulent or preferential, set aside, recovered, rescinded or is required to be retained by or repaid to a trustee, receiver, or any other Person under any bankruptcy code, common law, or equitable cause, then and to the extent of such payment, the obligation or the part thereof intended to be satisfied shall be revived and continued in full force and effect with respect to the Guarantors' obligations hereunder, as if said payment had not been made. The liability of the Guarantors hereunder shall not be reduced or discharged, in whole or in part, by any payment to any Holder

from any source that is thereafter paid, returned or refunded in whole or in part by reason of the assertion of a claim of any kind relating thereto, including, but not limited to, any claim for breach of contract, breach of warranty, preference, illegality, invalidity, or fraud asserted by any account debtor or by any other Person.

(h) No Holder shall be under any obligation: (1) to marshal any assets in favor of the Guarantors or in payment of any or all of the liabilities of the Obligor under or in respect of the Notes or the obligations of the Guarantors hereunder or (2) to pursue any other remedy that the Guarantors may or may not be able to pursue themselves and that may lighten the Guarantors' burden, any right to which each Guarantor hereby expressly waives.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE GUARANTORS

Each Guarantor represents and warrants to each Holder that:

(a) Such Guarantor is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on (1) the business, operations, affairs, financial condition, assets or properties of the Obligor and its subsidiaries, taken as a whole, or (2) the ability of such Guarantor to perform its obligations under this Guaranty, or (3) the validity or enforceability of this Guaranty (herein in this SECTION 5, a "Material Adverse Effect"). Such Guarantor has the power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Guaranty and to perform the provisions hereof.

(b) This Guaranty has been duly authorized by all necessary action on the part of such Guarantor, and this Guaranty constitutes a legal, valid and binding obligation of such Guarantor enforceable against such Guarantor in accordance with its terms, except as such enforceability may be limited by (1) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (2) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(c) The execution, delivery and performance by such Guarantor of this Guaranty will not (1) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of such Guarantor or any of its Subsidiaries under any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, charter document or by-law, or any other agreement or instrument to which such Guarantor or any of its Subsidiaries is bound or by which such Guarantor or any of its Subsidiaries or any of their respective properties may be bound or affected, (2) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or governmental authority applicable to such Guarantor or any of its Subsidiaries or (3) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the such Guarantor or any of its Subsidiaries.

(d) No consent, approval or authorization of, or registration, filing or declaration with, any governmental authority is required in connection with the execution, delivery or performance by such Guarantor of this Guaranty.

(e) Such Guarantor is solvent, has capital not unreasonably small in relation to its business or any contemplated or undertaken transaction and has assets having a value both at fair valuation and at present fair salable value greater than the amount required to pay its debts as they become due and greater than the amount that will be required to pay its probable liability on its existing debts as they become absolute and matured. Such Guarantor does not intend to incur,

or believe or should have believed that it will incur, debts beyond its ability to pay such debts as they become due. Such Guarantor will not be rendered insolvent by the execution and delivery of, this Guaranty and, on a consolidated basis with all Obligors, will not be rendered insolvent. Such Guarantor does not intend to hinder, delay or defraud its creditors by or through the execution and delivery of, or performance of its obligations under, this Guaranty.

SECTION 6. GUARANTOR COVENANTS.

From and after the date of execution of the First Amendment Agreement by the Obligor and continuing so long as any amount remains unpaid thereon each Guarantor agrees to comply with the terms and provisions of Section 5 of the Note Agreements, insofar as such provisions apply to such Guarantor, as if said

Sections were set forth herein in full.

SECTION 7. GOVERNING LAW

(a) THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS APPLICABLE THEREIN.

(b) Each Guarantor hereby (i) irrevocably submits and consents to the jurisdiction of the federal court located in Illinois (or, if such court lacks jurisdiction, the State courts located therein), and irrevocably agrees that all actions or proceedings relating to this Guaranty may be litigated in such courts, and (ii) waives any objection which it may have based on improper venue or forum non conveniens to the conduct of any proceeding in any such court and waives personal service of any and all process upon it, and (iii) consents that all such service of process be made by delivery to it at the address of such Person set forth in SECTION 11 below. Nothing contained in this section shall affect the right of any Holder to serve legal process in any other manner permitted by law or to bring any action or proceeding in the courts of any jurisdiction against a Guarantor or to enforce a judgment obtained in the courts of any other jurisdiction.

(c) THE PARTIES HERETO WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, BETWEEN THEM ARISING OUT OF, CONNECTED WITH, RELATED TO OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS GUARANTY, ANY FINANCING AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS RELATED HERETO. THE PARTIES HERETO HEREBY AGREE AND CONSENT THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT ANY OF THEM MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS GUARANTY WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

SECTION 8. AMENDMENTS, WAIVERS AND CONSENTS.

(a) This Guaranty may be amended, and the observance of any term hereof may be waived (either retroactively or prospectively), with (and only with) the written consent of each Guarantor and the Holders.

(b) The Guarantors will provide each Holder (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such Holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof. The Guarantors will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this SECTION 8 to each Holder promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the Required Holders.

(c) The Obligors will not directly or indirectly pay or cause to be paid any remuneration, whether by way of fee or otherwise, or grant any security, to any Holder as consideration for or as an inducement to the entering into by any Holder of any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted, on the same terms, ratably to each Holder even if such Holder did not consent to such waiver or amendment.

(d) Any amendment or waiver consented to as provided in this SECTION 8 applies equally to all Holders and is binding upon them and upon each future holder and upon the Guarantors. No such amendment or waiver will extend to or affect any obligation, covenant or agreement not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Guarantors and any Holder nor any delay in exercising any rights hereunder shall operate as a waiver of any rights of any Holder. As used herein, the term "this Guaranty" and references thereto shall mean this Guaranty as it may from time to time be amended or supplemented.

(e) Solely for the purpose of determining whether the Holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Guaranty, Notes directly or indirectly owned by any Guarantor, the Obligors or any of their respective subsidiaries or Affiliates shall be deemed not to be outstanding.

SECTION 9. NOTICES

All notices and communications provided for hereunder shall be in writing and sent (a) by telefacsimile if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(1) if to any Holder or such Holder's nominee, to such Holder or such Holder's nominee at the address specified for such communications in Schedule I to the Note Agreements, or at such other address as such Holder or such Holder's nominee shall have specified to any Obligor in writing,

(2) if to any Guarantor, to such Guarantor c/o Cleveland-Cliffs Inc at its address set forth at the beginning of the Note Agreements to the attention of Chief Financial Officer, or at such other address as such Guarantor shall have specified to the Holders in writing.

Notices under this SECTION 9 will be deemed given only when actually received.

SECTION 10. MISCELLANEOUS.

(a) No remedy herein conferred upon or reserved to any Holder is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Guaranty now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle any Holder to exercise any remedy reserved to it under this Guaranty, it shall not be necessary for such Holder to physically produce its Note in any proceedings instituted by it or to give any notice, other than such notice as may be herein expressly required.

(b) The Guarantors will pay all sums becoming due under this Guaranty by the method and at the address specified in the Note Agreements, or by such other method or at such other address as any Holder shall have from time to time specified to the Guarantors in writing for such purpose, without the presentation or surrender of this Guaranty or any Note.

(c) Any provision of this Guaranty that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

(d) If the whole or any part of this Guaranty shall be now or hereafter become unenforceable against any one or more of the Guarantors for any reason whatsoever or if it is not executed by any one or more of the Guarantors, this Guaranty shall nevertheless be and remain fully binding upon and enforceable against each other Guarantor as if it had been made and delivered only by such other Guarantors.

(e) This Guaranty shall be binding upon each Guarantor and its successors and assigns and shall inure to the benefit of each Holder and its successors and assigns so long as its Notes remain outstanding and unpaid.

(f) This Guaranty may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

SECTION 11. INDEMNITY.

To the fullest extent of applicable law, each Guarantor shall indemnify and save each Holder harmless from and against any losses (other than any such losses created as a result of the gross negligence or willful misconduct of any Holder) which may arise by virtue of any of the obligations hereby guaranteed being or becoming for any reason whatsoever in whole or in part void, voidable, contrary to law, invalid, ineffective or otherwise unenforceable by the Holder or any of them in accordance with its terms (all of the foregoing collectively, an "Indemnifiable Circumstance"). For greater certainty, these losses shall include without limitation all obligations hereby guaranteed which would have been payable by the Obligor but for the existence of an Indemnifiable Circumstance; provided, however, that the extent of the Guarantor's aggregate liability under this SECTION 11 shall not at any time exceed the amount (but for any Indemnifiable Circumstance) otherwise guaranteed pursuant to SECTION 2.

[Intentionally Blank]

IN WITNESS WHEREOF, the undersigned has caused this Guaranty to be duly executed by an authorized representative as of this 15th day of December, 2002.

CLEVELAND-CLIFFS ORE CORPORATION.

By /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

CLEVELAND-CLIFFS IRON COMPANY.

By /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

NORTHSHORE SALES COMPANY

By /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

WABUSH IRON CO. LIMITED

By /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

CLIFFS OIL SHALE CORP.

By /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

CLIFFS ERIE L.L.C.

By /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

CLIFFS MINING COMPANY

By /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

CLIFFS MINING SERVICES COMPANY

By /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

CLIFFS REDUCED IRON CORPORATION

By /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

CLIFFS REDUCED IRON MANAGEMENT COMPANY

By /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

IRONUNITS LLC

By /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

NORTHSHORE MINING COMPANY

By /s/ R. Emmet

Name: Robert Emmet

Title: Treasurer

SEIGNELAY RESOURCES, INC.

By /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

SILVER BAY POWER COMPANY

By /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

THE CLEVELAND-CLIFFS STEAMSHIP COMPANY

By /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

CLIFFS BIWABIK ORE CORPORATION

By /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

PICKANDS HIBBING CORPORATION

By /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

SYRACUSE MINING COMPANY

By /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

CLIFFS EMPIRE, INC.

By /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

CLIFFS IH EMPIRE, INC.

By /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

CLIFFS MARQUETTE, INC.

By /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

CLIFFS MC EMPIRE, INC.

By /s/ R. Emmet

Name: Robert Emmet

Title: Treasurer

CLIFFS TIOP, INC.

By /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

LAKE SUPERIOR & ISHPEMING RAILROAD

COMPANY

By /s/ R. Emmet

Name: Robert Emmet
Title: Assistant Treasurer

LASCO DEVELOPMENT CORPORATION

By /s/ R. Emmet

Name: Robert Emmet
Title: Assistant Treasurer

EMPIRE-CLIFFS PARTNERSHIP

BY: CLIFFS EMPIRE, INC.,
Its General Partner

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

MARQUETTE IRON MINING PARTNERSHIP

BY: CLEVELAND-CLIFFS ORE CORPORATION
Its General Partner

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

WHEELING-PITTSBURGH/CLIFFS PARTNERSHIP

BY: CLIFFS EMPIRE, INC.,
Its General Partner

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

CLIFFS SYNFUEL CORP.

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

SUBSIDIARY GUARANTY SUPPLEMENT

To the Holders of the Notes (as
hereinafter defined)

Ladies and Gentlemen:

CLEVELAND-CLIFFS INC, a Delaware corporation (the "Obligor"), issued $70,000,000 aggregate principal amount of its 7.00% Senior Notes, due December 15, 2005 pursuant to those certain separate Note Agreements, each dated as of December 15, 1995 (the "Existing Note Agreements") among the Obligor and each of the purchasers named on Schedule I thereto (the "Initial Note Purchasers," together with their successors, assigns or any other future holder of the Notes, the "Holders").

The Obligor desires the Holders to enter into that certain First Amendment Agreement dated as of December 15, 2002 (the Existing Note Agreements, as amended by the First Amendment Agreement, and as amended from time to time are hereby referred to as the "Note Agreements"), the Holders required that _____ enter into a Subsidiary Guaranty Agreement as security for the Notes (the "Subsidiary Guaranty").

Pursuant to Section 5.21 of the Note Agreements, the Obligor has agreed to cause the undersigned, _____, a _____ organized under the laws of _____ (the "Additional Guarantor"), to join in the Subsidiary Guaranty. In accordance with the requirements of the Subsidiary Guaranty, the Additional Guarantor desires to amend the definition of Guarantor (as the same may have been heretofore amended) set forth in the Subsidiary Guaranty attached hereto so that at all times from and after the date hereof,

the Additional Guarantor shall be jointly and severally liable as set forth in the Subsidiary Guaranty for the obligations of the Obligor under the Financing Agreements and Notes to the extent and in the manner set forth in the Subsidiary Guaranty.

The undersigned is the duly elected _____ of the Additional Guarantor, a Subsidiary or Affiliate of the Obligor, and is duly authorized to execute and deliver this Guaranty Supplement to each of you. The execution by the undersigned of this Guaranty Supplement shall evidence its consent to and acknowledgment and approval of the terms set forth herein and in the Subsidiary Guaranty and by such execution the Additional Guarantor shall be deemed to have made in favor of the Holders the representations and warranties set forth in Section 5 of the Subsidiary Guaranty.

Upon execution of this Subsidiary Guaranty Supplement, the Subsidiary Guaranty shall be deemed to be amended as set forth above. Except as amended herein, the terms and provisions of the Subsidiary Guaranty are hereby ratified, confirmed and approved in all respects.

EXHIBIT A
(to Subsidiary Guaranty)

Any and all notices, requests, certificates and other instruments (including the Notes) may refer to the Subsidiary Guaranty without making specific reference to this Subsidiary Guaranty Supplement, but nevertheless all such references shall be deemed to include this Subsidiary Guaranty Supplement unless the context shall otherwise require.

Dated: _____, _____.

[NAME OF ADDITIONAL GUARANTOR]

By

Its

Exhibit 10(j)

NONQUALIFIED STOCK OPTION AGREEMENT

FOR

NONEMPLOYEE DIRECTORS

, Optionee

Cleveland-Cliffs Inc (the "Company") pursuant to its 1992 Incentive Equity Plan (the "Plan") has this day granted to you, the above-mentioned optionee, a nonqualified option to purchase 500 shares of the Company's common stock, par value $1 per share ("Common Shares") at the price of $ per share, and agrees to cause certificates for any shares purchased hereunder to be delivered to the Optionee upon payment of the purchase price in full, all subject, however, to the terms and conditions hereinafter set forth.

1. (A) This option (until terminated as hereafter provided) shall become exercisable upon the expiration of a period of 6 months from the date of this Agreement during which the Optionee shall have continuously served as a Director of the Company. To the extent exercisable, this option shall be exercisable in whole at any time or in part from time to time.

(B) If the Optionee should die or become permanently and totally disabled while a Director of the Company, the option covered by this Agreement shall become immediately exercisable in full.

2. The option price shall be payable (a) in cash or by check acceptable to the Company, (b) by actual or constructive transfer to the Company of nonforfeitable, unrestricted Common Shares already owned by the Optionee for more than six (6) months prior to the date of exercise and having a value at the time of exercise equal to the option price, or (c) by combination of such methods of payment.

3. This option shall terminate on the earliest of the following dates:

(A) Three months after the date on which the Optionee ceases to be a Director of the Company (during which period the option shall be exercisable only to the extent exercisable on the date of termination in accordance with the provisions of paragraph 1(A) hereof), unless he or she ceases to be a Director of the Company by reason of death or permanent disability (in which case this option shall be immediately exercisable in full pursuant to paragraph 1(B));

(B) One year after the death of permanent disability of the Optionee if the Optionee dies or becomes permanently disabled while a Director of the Company (in which case this option shall be immediately exercisable in full pursuant to paragraph 1(B)); and

(C) Ten years from the date on which this option was granted.

4. This option is not transferable by the Optionee otherwise than by will or the laws of descent and distribution, and is exercisable, during the lifetime of the Optionee, only by him or her or by his or her guardian or legal representative.

5. This option shall not be exercisable if such exercise would involve a violation of any applicable Federal or state securities law, and the Company hereby agrees to make reasonable efforts to comply with such securities laws. If the Ohio Securities Act shall be applicable to this option, it shall not be exercisable unless under said Act at the time of exercise the Common Shares or other securities purchasable hereunder are exempt, are the subject matter of an exempt transaction, are registered by description or by qualification, or at such time are the subject matter of a transaction which has been registered by description.

6. The Committee of the Board described in Section 16(a) of the Plan (the "Committee") shall make such adjustments in the number or kind of Common Shares or other securities covered by this option as the Committee in its sole discretion, exercised in good faith, may determine is equitably required to prevent dilution or enlargement of the rights of the Optionee that otherwise would result from (i) any stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company or (ii) any merger, consolidation, spin-off, spin-out, split-off, split-up, reorganization, partial or complete

liquidation of the Company or other distribution of assets, issuance of rights or warrants to purchase securities of the Company, or (iii) any other corporate transaction or event having an effect similar to any of the foregoing.

7. Upon any change in control of the Company, the option granted to the Optionee in this agreement shall become immediately exercisable in full. For purposes of this grant, the term "change in control" shall mean the

occurrence of any in the following events:

(A) The Company shall merge into itself, or be merged or consolidated with, another corporation and as a result of such merger or consolidation less than 70% of the outstanding voting securities of the surviving or resulting corporation shall be owned in the aggregate by the former shareholders of the Company as the same shall have existed immediately prior to such merger or consolidation;

(B) The Company shall sell or transfer to one or more persons, corporations or entities, in a single transaction or a series of related transactions, more than one-half of the assets accounted for on the Statement of Consolidated Financial Position of the Company as "properties" or "investments in associated companies" (or such replacements for these accounts as may be adopted from time to time) unless by an affirmative vote of two-thirds of the members of the Board of Directors of the Company, the transaction or transactions are exempted from the operation of this provision based on a good faith finding that the transaction or transactions are not within the intended scope of this definition for purposes of this instrument;

(C) A person, within the meaning of Section 3(a)(9) or of Section 13(d)(3) (as in effect on the date hereof) of the Securities Exchange Act of 1934, shall become the beneficial owner (as defined in Rule 13d-3 of the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934) of 30% or more of the outstanding voting securities of the Company (whether directly or indirectly); or

(D) During any period of three consecutive years, including, without limitation, the year 1991, individuals who at the beginning of any such period constitute the Board of Directors of the Company cease, for any reason, to constitute at least a majority thereof, unless the election, or the nomination for election by the shareholders of the Company, of each Director first elected during any such period was approved by a vote of at least one-third of the Directors of the Company who are Directors of the Company on the date of the beginning of any such period.

8. This grant of an option to purchase Common Shares is made pursuant to the Plan, a copy of which is attached hereto. This award is subject to all of the terms and provisions of the Plan, which are incorporated herein by reference.

Dated this day of 199 .

CLEVELAND-CLIFFS INC

By:

Name:
Title:

Accepted and agreed to:

- ---

Date:

FIRST AMENDMENT TO TRUST AGREEMENT NO. 1

This First Amendment to Trust Agreement No. 1 is made on this 10th day of September, 2002, by and between Cleveland-Cliffs Inc, an Ohio corporation ("Cleveland-Cliffs"), and KeyBank National Association, a national banking association, (formerly KeyTrust Company of Ohio, N.A.) ,as trustee (the "Trustee").

WITNESSETH:

WHEREAS, on June 12, 1997, Cleveland-Cliffs and the Trustee entered into a Trust Agreement No. 1, amended and restated effective June 1, 1997 ("Trust No. 1");

WHEREAS, Trust No. 1 was amended by the Amendments to Exhibits to Trust No. 1, effective January 1, 2000;

WHEREAS, Cleveland-Cliffs and the Trustee desire to further amend Trust No. 1; and

WHEREAS, Section 12 of Trust No. 1 provides that such Trust No. 1 may be amended by Cleveland-Cliffs and the Trustee.

NOW, THEREFORE, effective September 10, 2002, Cleveland-Cliffs and the Trustee hereby amend Trust No. 1 to provide as follows:

The last sentence of Section 4 of Trust No. 1 is hereby amended to read as follows:

"Thereafter, upon the request of the Company, the Trustee shall pay to Cleveland-Cliffs the excess, if any, of the balance in the Master Account over 140% of the aggregate of all of the Fully Funded amount."

IN WITNESS WHEREOF, Cleveland-Cliffs and the Trustee have caused counterparts of this First Amendment to Trust Agreement No. 1 to be executed on their behalf on September 10, 2002, each of which shall be an original First Amendment to Trust Agreement No. 1.

CLEVELAND-CLIFFS INC

By: /s/ Randy L. Kummer

Its: SVP, Human Resources

KEYBANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ Kelley Clark

Its: VP
---

and

By: Thor Haraldsson

Its: AVP

AMENDED AND RESTATED TRUST AGREEMENT NO. 2

This Amended and Restated Trust Agreement No. 2 ("Trust Agreement No. 2") is made on this 15th day of October, 2002, by and between Cleveland-Cliffs Inc, an Ohio corporation ("Cleveland-Cliffs"), and KeyBank National Association, a national banking association, as trustee (the "Trustee").

WITNESSETH:

WHEREAS, Cleveland-Cliffs and Ameritrust Company National Association, a predecessor of the Trustee, entered into a trust agreement ("Original Trust Agreement No. 2"), dated October 28, 1987, to provide for the payment of reasonable attorneys' and related fees and expenses incurred by certain executives in the enforcement of their rights under agreements between such executives and Cleveland-Cliffs in effect at that time; and

WHEREAS, the Original Trust Agreement No. 2 was amended and restated by an instrument dated March 24, 1992 and was further amended and restated, effective June 1, 1997 ("Amended and Restated Trust Agreement No. 2"); and

WHEREAS, the Amended and Restated Trust Agreement No. 2 was amended by the First Amendment to Amended and Restated Trust Agreement No. 2, effective July 1, 1997; and

WHEREAS, the Amended and Restated Trust Agreement No. 2 was further amended by the Trust Agreement No. 2 Amendments to Exhibits, effective January 1, 2000; and

WHEREAS, Cleveland-Cliffs and the Trustee entered into a trust agreement ("Original Trust Agreement No. 6"), dated January 22, 1988, to provide for payment of expenses
associated with the enforcement of certain indemnitee's rights under indemnification agreements; and

WHEREAS, the Original Trust Agreement No. 6 was amended by a First Amendment to Trust Agreement No. 6, dated April 9, 1991; and

WHEREAS, the Original Trust Agreement No. 6 was further amended and restated by an Amended and Restated Trust Agreement No. 6 ("Amended and Restated Trust Agreement No. 6"), effective March 9, 1992; and

WHEREAS, the Amended and Restated Trust Agreement No. 6 was amended by the First Amendment to the Amended and Restated Trust Agreement No. 6, effective July 1, 1997; and

WHEREAS, under the provisions of certain severance agreements between each of the executives of Cleveland-Cliffs ("Executives") listed (from time to time as provided in Section 9(c) hereof) on Exhibit A hereto and Cleveland-Cliffs ("Executive Agreements"), as each of the same may hereafter be amended or restated, or any successor thereto, the Executives may become entitled to certain compensation, pension and other benefits; and

WHEREAS, under the provisions of the Cleveland-Cliffs Inc Change in Control Severance Pay Plan ("Severance Plan"), effective January 1, 2000, as the same may be supplemented, amended, or restated, or any successor thereto, certain key employees ("Key Employees") also listed (from time to time as provided in Section 9(c) hereof) on Exhibit A hereto, may become entitled to compensation, pension and other benefits; and

WHEREAS, under the provisions of the Cleveland-Cliffs Inc Retention Plan for Salaried Employees ("Retention Plan"), adopted February 1, 1997, as the same may be

supplemented, amended, or restated, or any successor thereto, certain salaried employees identified therein may become entitled to compensation and other benefits; and

WHEREAS, Cleveland-Cliffs has entered into and may from time to time enter into separate indemnification agreements (substantially in the form attached hereto as Exhibits B and C) with its directors and certain officers of Cleveland-Cliffs ("Directors/Officers") (as listed on Exhibit D hereto) (each such indemnification agreement being hereinafter referred to as an "Indemnification Agreement"); and

WHEREAS, in addition to the compensation, pension and other benefits provided by the Executive Agreements, the Severance Plan, the Retention Plan and the Indemnification Agreements, in order to ensure that the obligations of Cleveland-Cliffs under the Executive Agreements, the Severance Plan, the

Retention Plan and the Indemnification Agreements can be enforced by the Executives, the Key Employees, the employees covered by the Retention Plan and the Directors/Officers, respectively, (referred to herein singularly as an "Indemnitee" and collectively as "Indemnitees") in the event of a "Change of Control" (as defined herein) (i) the Executive Agreements, the Severance Plan and the Retention Plan all provide that Cleveland-Cliffs will establish a trust to fund reasonable attorneys' and related fees and expenses associated with a lawsuit, action or other proceeding brought by or on behalf of an Indemnitee to enforce certain provisions of such Indemnitee's Executive Agreement, the Severance Plan and the Retention Plan and (ii) each Indemnification Agreement provides, among other things, for Cleveland-Cliffs to pay and be solely responsible for the expenses associated with the enforcement of the Indemnitee's rights under the Indemnitee's Indemnification Agreement, including without limitation fees and expenses of attorneys and others (all such fees and expenses associated with enforcing the provisions of the Executive Agreements, the Severance

Plan, the Retention Plan and the Indemnification Agreements are referred to collectively herein as "Expenses"); and the foregoing trust arrangement will be considered a part of the Executive Agreements, the Severance Plan and the Retention Plan, and will set forth the terms and conditions relating to the payment of Expenses; and

WHEREAS, Cleveland-Cliffs desires to terminate Amended and Restated Trust Agreement No. 6, amend and restate the Amended and Restated Trust Agreement No. 2 as this Trust Agreement No. 2 heretofore entered into and has transferred or will transfer to the trust ("Trust") established by this Trust Agreement No. 2 assets from Amended and Restated Trust Agreement No. 6 which along with assets held in this Trust Agreement No. 2 shall be held therein until paid to Indemnitees with respect to Expenses in such manner and at such times as specified herein.

NOW, THEREFORE, effective October 15, 2002 ("Effective Date"), the parties hereby terminate Trust Agreement No. 6 and amend and restate the Amended and Restated Trust Agreement No. 2 as this Trust Agreement No. 2 and agree that the Trust shall be comprised, held and disposed of as follows:

1. Trust Fund. (a) At the Effective Date, the principal amount of the Trust shall be Five Hundred Fifty-eight Thousand Nine Dollars and Twenty-nine cents ($558,009.29), to be held, administered and disposed of by the Trustee as herein provided.

(b) The Trust hereby established shall be revocable by Cleveland-Cliffs at any time prior to the date on which occurs a "Change of Control," as that term is defined in this Section l(b); on or after such date, this Trust shall be irrevocable. Cleveland-Cliffs shall notify the Trustee promptly in the event that a Change of Control has occurred. The term "Change of Control" shall mean the occurrence of any of the following events:

(i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended ("Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of the combined voting power of the then outstanding securities of Cleveland-Cliffs entitled to vote generally in the election of directors ("Voting Stock"); provided, however, that for purposes of this Section 1(b)(i), the following acquisitions shall not constitute a Change of Control: (A) any issuance of Voting Stock of Cleveland-Cliffs directly from Cleveland-Cliffs that is approved by the Incumbent Board (as defined in Section 1(b)(ii), below) of the Board of Directors of Cleveland-Cliffs ("Board"), (B) any acquisition by Cleveland-Cliffs of Voting Stock of Cleveland-Cliffs, (C) any acquisition of Voting Stock of Cleveland-Cliffs by any employee benefit plan (or related trust) sponsored or maintained by Cleveland-Cliffs or any Subsidiary, or (D) any acquisition of Voting Stock of Cleveland-Cliffs by any Person pursuant to a Business Combination that complies with clauses (A), (B) and (C) of Section 1(b)(iii), below; or

(ii) individuals who, as of the date hereof, constitute the Board ("Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a member of the Board (a "Director") subsequent to the date hereof whose election, or nomination for election by Cleveland-Cliffs's shareholders, was approved by a vote of at least a majority of the Directors then comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of Cleveland-Cliffs in which such person is named as a nominee for director, without objection to such nomination) shall be deemed to have been a

member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest (within the meaning of Rule 14a-11 of the Exchange Act) with respect to the election or removal of Directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) consummation of a reorganization, merger or consolidation involving Cleveland-Cliffs, a sale or other disposition of all or substantially all of the assets of Cleveland-Cliffs, or any other transaction involving Cleveland-Cliffs (each, a "Business Combination"), unless, in each case, immediately following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners of Voting Stock of Cleveland-Cliffs immediately prior to such Business Combination beneficially own, directly or indirectly, more than 55% of the combined voting power of the then outstanding shares of Voting Stock of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns Cleveland-Cliffs or all or substantially all of Cleveland-Cliffs's assets either directly or through one or more subsidiaries) in substantially the same proportions relative to each other as their ownership, immediately prior to such Business Combination, of the Voting Stock of Cleveland-Cliffs, (B) no Person (other than Cleveland-Cliffs, such entity resulting from such Business Combination, or any employee benefit plan (or related trust) sponsored or maintained by Cleveland-Cliffs, any Subsidiary or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of the combined voting power of the then outstanding shares of Voting Stock of the entity resulting from

such Business Combination, and (C) at least a majority of the members of the Board of Directors of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(iv) approval by the shareholders of Cleveland-Cliffs of a complete liquidation or dissolution of Cleveland-Cliffs, except pursuant to a Business Combination that complies with clauses (A), (B) and (C) of Section 1(b)(iii).

(c) The principal of the Trust and any earnings thereon shall be held in trust separate and apart from other funds of Cleveland-Cliffs exclusively for the uses and purposes herein set forth. No Indemnitee shall have any preferred claim on, or any beneficial ownership interest in, any assets of the Trust prior to the time that such assets are paid to an Indemnitee as Expenses as provided herein.

(d) Any Company (as defined in paragraph (e) below) may at any time or from time to time make additional deposits of cash or other property in the Trust to augment the principal to be held, administered and disposed of by the Trustee as herein provided, but no payments of all or any portion of the principal of the Trust or earnings thereon shall be made to Cleveland-Cliffs or any other person or entity on behalf of Cleveland-Cliffs except as herein expressly provided.

(e) The term "Company" as used herein shall mean Cleveland-Cliffs, any wholly owned subsidiary or any partnership or joint venture in which Cleveland-Cliffs and/or any wholly-owned subsidiary is a partner or venturer, and Empire Iron Mining Partnership, or any entity that is a successor to Cleveland-Cliffs in ownership of substantially all of its assets.

(f) This Trust Agreement No. 2 shall be construed as a part of the Executive Agreements, the Severance Plan and the Retention Plan.

(g) This Trust is intended to be a grantor trust, within the meaning of Section 671 of the Internal Revenue Code of 1986, as amended ("Code"), or any successor provision thereto, and shall be construed accordingly. The Trust is not designed to qualify under Section 401(a) of the Code or to be subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

2. Payments to Indemnitees. (a) The Trustee shall promptly pay Expenses to the Indemnitees from the assets of the Trust in accordance with Section 7 of the Executive Agreements, Section 11 of the Severance Plan, Article IX of the Retention Plan, Sections 2, 3, 4 and 7 of each Indemnification Agreement and this Section 2, provided that (i) this Trust Agreement No. 2 has not been terminated pursuant to Section 12 hereof; (ii) the Trust has become irrevocable; (iii) with respect to the first demand for payment of Expenses hereunder received by the Trustee, the Trustee shall immediately give appropriate notice thereof to all Indemnitees, and shall make no payment of

Expenses until the 21st day after such notice has been given; and (iv) the requirements of Section 2(c) and 2(d) hereof have been satisfied. The Trustee shall promptly inform the Company as to amounts paid to any Indemnitee pursuant to this Section.

(b) It is the intention of Cleveland-Cliffs that during the 21-day period prescribed by Section 2(a)(iii) hereof, the Indemnitees will make reasonable efforts to consult with each other and to take into account the interests of all Indemnitees in deciding on how best to proceed to enforce the provisions of the Executive Agreements, the Severance Plan, the Retention Plan, and/or the Indemnification Agreements such that the assets of the Trust are

utilized most effectively; provided, however, that this Section 2(b) is to be construed as precatory in nature, and in the absence of any other agreement or arrangement, this Trust Agreement No. 2 (without regard to this Section 2(b)) shall apply to the payment of Expenses.

(c) A demand for payment by an Indemnitee hereunder must be made within two months of the date on which the Indemnitee receives a bill, invoice or other statement setting forth the Expenses that have been incurred, and with respect to the Indemnification Agreements, prior to the sixth anniversary after termination of such Indemnitee's services with Cleveland-Cliffs. In order to demand payment hereunder, the Indemnitee must deliver to the Trustee (i) a certificate signed by or on behalf of such Indemnitee, certifying to the Trustee that the Company is in default in paying the Indemnitee a specified amount which the Indemnitee states to be owed under an Executive Agreement, the Severance Plan, the Retention Plan or an Indemnification Agreement, and (ii) a notice in writing and in reasonable detail of the Expenses that are to be paid hereunder.

(d) To the extent payments hereunder may be made only from funds held in the form of a deposit or obligation, such payments may be postponed until such deposit or obligation shall have matured. Payments shall be made to the Indemnitee in the full amount noticed until the Trust is depleted; provided that if on the date such amount is to be paid from the Trust other amounts have been claimed but not yet paid to the same or other Indemnitees and the aggregate amount so claimed exceeds the amount available in the Trust, the Trustee shall only pay that portion of the amount then available to each such Indemnitee determined by multiplying such amount by a fraction, the numerator of which is the amount then in the Trust and the denominator of which is the aggregate amount noticed by the Indemnitees to be owed but not yet paid to that date.

3. Rights of Indemnitees. (a) Nothing in this Trust Agreement No. 2 shall in any way diminish any rights of any Indemnitee to pursue his rights as a general creditor of the Company with respect to Expenses or otherwise, and (b) the rights of the Indemnitees under the Executive Agreements, Severance Plan, Retention Plan or Indemnification Agreements shall in no way be affected or diminished by any provision of this Trust Agreement No. 2 or action taken pursuant to this Trust Agreement No. 2, it being the intent of Cleveland-Cliffs that rights of the Indemnitees be security for obligations of the Company under the Executive Agreements, Severance Plan, Retention Plan or Indemnification Agreements, except that any payment actually received by any Indemnitee hereunder shall reduce dollar-per-dollar amounts otherwise due to such Indemnitee pursuant to Section 7 of the Executive Agreements, Section 11 of the Severance Plan, Article IX of the Retention Plan or Sections 2, 3, 4 and 7 of the Indemnification Agreements, as applicable.

4. Payments to Cleveland-Cliffs. Except to the extent expressly contemplated by Section 1(b), Cleveland-Cliffs shall have no right or power to direct the Trustee to return any of the Trust assets to Cleveland-Cliffs before all payments of Expenses have been made to all Indemnitees as herein provided.

5. Investment of Trust Fund. The Trustee shall invest the principal of the Trust including any income accumulated and added to principal in (a) interest-bearing deposit accounts or certificates of deposit (including any such accounts or certificates issued or offered by the Trustee or any successor or affiliated corporation but excluding obligations of the Company), (b) direct obligations of the United States of America, or obligations the payment of which is guaranteed, as to both principal and interest, by the government or an agency of the government of the United States of America, or (c) one or more mutual funds or commingled

funds, whether or not maintained by the Trustee, substantially all of the assets of which is invested in obligations the income from which is not subject to taxation; provided, however, that no such investment may mature more than 90 days after the date of purchase. Nothing in this Trust Agreement No. 2 shall preclude the commingling of Trust assets for investment.

6. Income of the Trust. During the continuance of this Trust all net income of the Trust shall be retained in the Trust and added to the principal of

the Trust.

7. Accounting by Trustee. The Trustee shall keep records in reasonable detail of all investments, receipts, disbursements and all other transactions required to be done, including such specific records as shall be agreed upon in writing by Cleveland-Cliffs and the Trustee. All such accounts, books and records shall be open to inspection and audit at all reasonable times by Cleveland-Cliffs, by any Indemnitee or by any agent or representative of any of the foregoing. Within 60 calendar days following the end of each calendar year and within 60 calendar days after the removal or resignation of the Trustee, the Trustee shall deliver to Cleveland-Cliffs and, if such year end, removal or resignation occurs on or after the date on which a Change of Control has occurred, to each Executive, Key Employee and Director/Officer a written account of its administration of the Trust during such year or during the period from the end of the last preceding year to the date of such removal or resignation, setting forth all investments, receipts, disbursements and other transactions affected by it, including a description of all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued interest paid or receivable being shown separately), and showing all, cash, securities, rights and other property held in the Trust at the end of such year or as of the date of such removal or resignation, as the case may be. The Trustee shall furnish to Cleveland-Cliffs on a quarterly basis (or as Cleveland-Cliffs shall direct from time to time) and

in a timely manner such information regarding the Trust as Cleveland-Cliffs shall require for purposes of preparing its statements of financial condition. Unless Cleveland-Cliffs or any Executive, Key Employee and Director/Officer shall have filed with the Trustee written exception or objection to any such statement and account within 90 days after receipt thereof, Cleveland-Cliffs and the Indemnitees shall be deemed to have approved such statement and account, and in such case the Trustee shall be forever released and discharged with respect to all matters and things reported in such statement and account as though it had been settled by a decree of a court of competent jurisdiction in an action or proceeding to which Cleveland-Cliffs and the Indemnitees were parties.

8. Responsibility of Trustee. (a) The Trustee shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent corporate trustee, acting in like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims; provided, however, that the Trustee shall incur no liability to any person for any action taken pursuant to a direction, request or approval which is contemplated by and in conformity and compliance with the terms of this Trust Agreement No. 2, the Executive Agreements, the Severance Plan, the Retention Plan and the Indemnification Agreements, and is given in writing by Cleveland-Cliffs or by an Indemnitee with respect to his beneficial interest herein; and provided, further, that the Trustee shall have no duty to seek additional deposits of principal from Cleveland-Cliffs, and the Trustee shall not be responsible for the adequacy of this Trust.

(b) The Trustee shall not be required to undertake or to defend any litigation arising in connection with this Trust Agreement No. 2 unless it be first indemnified by Cleveland-Cliffs against its prospective costs, expenses, and liabilities (including without

limitation attorneys' fees and expenses) relating thereto, and Cleveland-Cliffs hereby agrees to indemnify the Trustee and to be primarily liable for such costs, expenses and liabilities.

(c) The Trustee may consult with legal counsel (which, after a Change of Control, shall be independent with respect to the Company) with respect to any of its duties or obligations hereunder, and shall be fully protected in acting or refraining from acting in accordance with the advice of such counsel.

(d) The Trustee may rely and shall be protected in acting or refraining from acting within the authority granted by the terms of this Trust Agreement No. 2 upon any written notice, instruction or request furnished to it hereunder and believed by it to be genuine and to have been signed or presented by the proper party or parties, including, without limiting the scope of this Section 8(d), (i) the notice of a Change of Control required by Section 1(b) hereof, and (ii) the certification and notice required by Section 2(c) hereof.

(e) The Trustee may hire agents, accountants and financial consultants, who may be agents, accountants, or financial consultants, as the case may be, for the Company, and shall not be answerable for the conduct of same if appointed with due care.

(f) The Trustee shall have, without exclusion, all powers conferred on trustees by applicable law unless expressly provided otherwise herein.

(g) The Trustee is empowered to take all actions necessary or

advisable in order to collect any benefits or payment of which the Trustee is the designated beneficiary.

9. Amendments, Etc. to the Executive Agreements, the Severance Plan, the Retention Plan and the Indemnification Agreements; Cooperation of Cleveland-Cliffs. (a) Cleveland-Cliffs has previously furnished the Trustee a complete and correct copy of each Executive Agreement, the Severance Plan, the Retention Plan and each Indemnification

Agreement. Any Indemnitee may, and Cleveland-Cliffs shall, provide the Trustee with true and correct copies of any amendment, restatement or successor to any Executive Agreement, the Severance Plan, the Retention Plan and any Indemnification Agreement, whereupon such amendment, restatement or successor shall be incorporated herein by reference, provided that such amendment, restatement or successor shall not affect the Trustee's duties and responsibilities hereunder without the consent of the Trustee; and provided, further, that the failure of Cleveland-Cliffs to furnish any such amendment, restatement, or successor shall in no way diminish the rights of any Indemnitee under this Trust Agreement No. 2 or under any Executive Agreement, the Severance Plan, the Retention Plan or any Indemnification Agreement.

(b) Cleveland-Cliffs shall provide the Trustee with all information requested by the Trustee for purposes of determining payments to the Indemnitees as provided in Section 2. Upon the failure of Cleveland-Cliffs or any Indemnitee to provide any such information requested by the Trustee for purposes of determining payments to the Indemnitees as provided in Section 2, the Trustee shall, to the extent necessary in the sole judgment of the Trustee, (i) compute the amount payable hereunder to any Indemnitee; and (ii) notify Cleveland-Cliffs and the Indemnitee in writing of its computations. Thereafter this Trust Agreement No. 2 shall be construed as to the Trustee's duties and obligation hereunder in accordance with such Trustee determinations without further action; provided, however, that no such determinations shall in any way diminish the rights of the Indemnitees hereunder or under the Executive Agreements, Severance Plan, Retention Plan or Indemnification Agreements, and provided, further, that no such determination shall be deemed to modify this Trust Agreement No. 2 or any Executive Agreement, the Severance Plan, the Retention Plan or any Indemnification Agreement.

(c) At such times as may in the judgment of Cleveland-Cliffs be appropriate, Cleveland-Cliffs shall furnish to the Trustee any amendment to Exhibit A or Exhibit D for the purpose of the addition of Indemnitees to Exhibit A or Exhibit D (or the deletion of Indemnitees from Exhibit A or Exhibit D who are not currently and shall not in the future be entitled to Expenses); provided, however, that no such amendment shall be made after the date of a Change of Control, other than to designate a different address pursuant to Section 14 hereof.

10. Compensation and Expenses of Trustee. The Trustee shall be entitled to receive such reasonable compensation for its services as shall be agreed upon by Cleveland-Cliffs and the Trustee. The Trustee shall also be entitled to reimbursement of its reasonable expenses incurred with respect to the administration of the Trust including fees and expenses incurred pursuant to Sections 8(c) and 8(e) hereof. Such compensation and expenses shall in all events be payable either directly by Cleveland-Cliffs or, in the event that Cleveland-Cliffs shall refuse, from the assets of the Trust. The Trust shall have a claim against Cleveland-Cliffs for any such compensation or expenses so paid.

11. Replacement of the Trustee. (a) The Trustee may resign after providing not less than 90 days' notice to Cleveland-Cliffs and, on or after the date on which a Change of Control has occurred, to the Executives, Key Employees and Directors/Officers. Prior to the date on which a Change of Control has occurred, the Trustee may be removed at any time by Cleveland-Cliffs. On or after such date, such removal shall also require the agreement of a majority of the Executives, Key Employees and Directors/Officers. Prior to the date on which a Change of Control has occurred, a replacement or successor trustee shall be appointed by Cleveland-Cliffs. On or after such date, such appointment shall also require the agreement of a majority of the Executives, Key Employees and Directors/Officers. No such removal or

resignation shall become effective until the acceptance of the trust by a successor trustee designated in accordance with this Section 11. If the Trustee should resign, and within 45 days of the notice of such resignation Cleveland-Cliffs and a majority of the Executives, Key Employees and Directors/Officers (if required) shall not have notified the Trustee of an agreement as to a replacement trustee, the Trustee

shall appoint a successor trustee, which shall be a bank or trust company, wherever located, having a capital and surplus of at least $500,000,000 in the aggregate, or the Trustee may apply to a court of competent jurisdiction for the appointment of a successor trustee. The costs and expenses of such application will be charged against the Trust. Notwithstanding the foregoing, a new trustee shall be independent and not subject to control of either Cleveland-Cliffs or the Indemnitees. Upon the acceptance of the trust by a successor trustee, the Trustee shall release all of the monies and other property in the Trust to its successor, who shall thereafter for all purposes of this Trust Agreement No. 2 be considered to be the "Trustee."

(b) For purposes of the removal or appointment of a trustee under this Section 11, if any Executive, Key Employee or Director/Officer shall be deceased or adjudged incompetent, such person's personal representative (including his or her guardian, executor or administrator) shall participate in such person's stead.

12. Amendment or Termination. (a) This Trust Agreement No. 2 may be amended at any time and to any extent by a written instrument executed by the Trustee, Cleveland-Cliffs and, on or after the date on which a Change of Control has occurred, a majority of the Executives, Key Employees and Directors/Officers, except to make the Trust revocable after it has become irrevocable in accordance with Section 1(b) hereof, or to alter Section 12(b) hereof, except that amendments contemplated by Section 9 hereof shall be made as therein provided.

(b) The Trust shall terminate upon the earliest of: (i) the tenth anniversary of the date on which a Change of Control has occurred; (ii) the sixth anniversary of the date on which a Change of Control has occurred, provided that the Trustee has received no demand for payment of Expenses prior to such anniversary; (iii) such time as the Trust no longer contains any assets; (iv) such time as the Trustee shall have received consents from all Indemnitees to the termination of this Trust Agreement No. 2; or (v) there is no longer any living Indemnitee under this Trust Agreement No. 2 and there is no pending demand by the estate of any Indemnitee against the Trust.

(c) Upon termination of the Trust as provided in Section 12(b) hereof, any assets remaining in the Trust shall be returned to Cleveland-Cliffs unless a determination is made by legal counsel experienced in such matters that the assets of the Trust may not be returned to Cleveland-Cliffs without violating Section 403(d)(2) of ERISA, or any successor provision thereto. If such a determination is made, any assets remaining in the Trust, after satisfaction of liabilities hereunder, pursuant to the written direction of Cleveland-Cliffs, shall be (i) distributed to any welfare benefit plan (within the meaning of ERISA) maintained by Cleveland-Cliffs at the time of distribution so established at such time in order to receive such assets from this Trust, or (ii) otherwise applied to provide benefits which may be provided by a welfare benefit plan (within the meaning of ERISA), directly or through the purchase of insurance.

13. Severability, Alienation, Etc. (a) Any provision of this Trust Agreement No. 2 prohibited by law shall be ineffective to the extent of any such prohibition without invalidating the remaining provisions hereof.

(b) To the extent permitted by law, benefits to Indemnitees under this Trust Agreement No. 2 may not be anticipated (except as herein expressly provided), assigned (either

at law or in equity), alienated or subject to attachment, garnishment, levy, execution or other legal or equitable process. No benefit actually paid to any Indemnitee by the Trustee shall be subject to any claim for repayment by the Company or Trustee, except in the event of (i) a false claim, or (ii) a payment is made to an incorrect Indemnitee.

(c) This Trust Agreement No. 2 shall be governed by and construed in accordance with the laws of the State of Ohio, without giving effect to the principles of conflict of laws thereof.

(d) This Trust Agreement No. 2 may be executed in two or more counterparts, each of which shall be considered an original agreement. This Trust Agreement No. 2 shall become effective immediately upon the execution by Cleveland-Cliffs of at least one counterpart, it being understood that all parties need not sign the same counterpart, but shall not bind any Trustee until such Trustee has executed at least one counterpart.

14. Notices. All notices, requests, consents and other communications hereunder shall be in writing and shall be deemed to

have been duly given when received:

If to the Trustee, to:

KeyBank National Association
127 Public Square
Cleveland, Ohio 44114-1306

Attention: Trust Counsel

If to Cleveland-Cliffs, to:

Cleveland-Cliffs Inc
1100 Superior Avenue
Cleveland, Ohio 44114

Attention: Secretary
If to an Indemnitee, to:

His or her last address shown on
the records of the Company

provided, however, that if any party or his or its successors shall have designated a different address by notice to the other parties, then to the last address so designated.

IN WITNESS WHEREOF, each of Cleveland-Cliffs and the Trustee have caused counterparts of this Amended and Restated Trust Agreement No. 2 effective as of the Effective Date to be executed on their behalf on the date set forth above, each of which shall be an original agreement.

CLEVELAND-CLIFFS INC

By: /s/ R. L. Kummer
Its: VP, Human Resources

KEYBANK NATIONAL ASSOCIATION
as Trustee

By: /s/ Kelley Clark
Its: VP

and

By: /s/ Thor Haraldsson
Its: AVP

EXHIBIT A

AMENDED AND RESTATED TRUST AGREEMENT NO. 2

EXECUTIVES AND KEY EMPLOYEES

EXECUTIVES

Name	Title
John S. Brinzo	Chairman and Chief Executive Officer
David H. Gunning	Vice Chairman
Thomas J. O'Neil	President and Chief Operating Officer
William R. Calfee	Executive Vice President-Commercial
Cynthia B. Bezik	Senior Vice President-Finance

KEY EMPLOYEES

Name	Title

E. C. Dowling. Jr.	Senior Vice President - Operations
J. A. Trethewey	Senior Vice President - Business Operations
R. L. Kummer	Vice President - Human Resources
R. Emmet	Vice President - Financial Planning and Treasurer
D. J. Gallagher	Vice President - Sales
R. L. Shultz	Vice President - Reduced Iron Sales
J. E. Lenhard	Vice President, Secretary and General Counsel
R. J. Leroux	Vice President and Controller
R. C. Berglund	General Manager - Northshore Mine
S. A. Elmquist	General Manager - Cliffs and Associates Ltd.
R. L. Mariani	General Manager - Empire Mine
M. P. Mlinar	General Manager - Tilden Mine
J. W. Sanders	President - Wabush Mine
J. N. Tuomi	General Manager - Hibbing Taconite Mine
E. W. Smith	Assistant General Counsel and Assistant Secretary

</TABLE>

EXHIBIT B

AMENDED AND RESTATED TRUST AGREEMENT NO. 2
FORM OF DIRECTOR INDEMNIFICATION AGREEMENT

INDEMNIFICATION AGREEMENT

This indemnification Agreement ("Agreement") is made as of the ____ day of _____by and between Cleveland-Cliffs Inc, an Ohio corporation (the "Company"), and _____ (the "Indemnitee"), a Director of the Company.

RECITALS

A. The Indemnitee is presently serving as a Director of the Company and the Company desires the Indemnitee to continue in that capacity. The Indemnitee is willing, subject to certain conditions including without limitation the execution and performance of this Agreement by the Company, to continue in that capacity.

B. In addition to the indemnification to which the Indemnitee is entitled under the Regulations of the Company (the "Regulations"), the Company has obtained, at its sole expense, insurance protecting the Company and its officers and directors including the Indemnitee against certain losses arising out of actual or threatened actions, suits, or proceedings to which such persons may be made or threatened to be made parties. However, as a result of circumstances having no relation to, and beyond the control of, the Company and the Indemnitee, the scope of that insurance has been reduced and there can be no assurance of the continuation or renewal of that insurance.

Accordingly, and in order to induce the Indemnitee to continue to serve in his present capacity, the Company and the Indemnitee agree as follows:

1. Continued Service. The Indemnitee shall continue to serve at the will of the Company as a Director of the Company so long as he is duly elected and qualified in accordance with the Regulations or until he resigns in writing in accordance with applicable law.

2. Initial Indemnity. (a) The Company shall indemnify the Indemnitee, if or when he is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Company), by reason of the fact that he is or was a Director of the Company or is or was serving at the request of the Company as a director, trustee, officer, employee, or agent of another corporation, domestic or foreign, nonprofit or for profit, partnership, joint venture, trust, or other enterprise, or by reason of any action alleged to have been taken or omitted in any such capacity, against any and all costs, charges, expenses (including without limitation fees and expenses of attorneys and/or others; all such costs, charges and expenses being herein jointly referred to as "Expenses"), judgments, fines, and amounts paid in settlement, actually and reasonably incurred by the Indemnitee in connection therewith including any appeal of or from any judgment or decision, unless it is proved by clear and convincing evidence in a court of competent jurisdiction that the Indemnitee's action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Company or undertaken with reckless disregard for the best interests of the Company.

In addition, with respect to any criminal action or proceeding, indemnification hereunder shall be made only if the Indemnitee had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, or conviction, or upon a plea of no lo contendere or its equivalent, shall not, of itself, create a presumption that the Indemnitee did not satisfy the foregoing standard of conduct to the extent applicable thereto.

(b) The Company shall indemnify the Indemnitee, if or when he is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding by or in the right of the Company to procure a

judgment in its favor, by reason of the fact that the Indemnitee is or was a Director of the Company or is or was serving at the request of the Company as a director, trustee, officer, employee, or agent of another corporation, domestic or foreign, nonprofit or for profit, partnership, joint venture, trust, or other enterprise, against any and all Expenses actually and reasonably incurred by the Indemnitee in connection with the defense or settlement thereof or any appeal of or from any judgment or decision, unless it is proved by clear and convincing evidence in a court of competent jurisdiction that the Indemnitee's action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Company or undertaken with reckless disregard for the best interests of the Company, except that no indemnification shall be made in respect of any action or suit in which the only liability asserted against Indemnitee is pursuant to Section 1701.95 of the Ohio Revised Code.

(c) Any indemnification under Section 2(a) or 2(b) (unless ordered by a court) shall be made by the Company only as authorized in the specific case upon a determination that indemnification of the Indemnitee is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 2(a) or 2(b). Such authorization shall be made (i) by the Directors of the Company (the "Board") by a majority vote of a quorum consisting of Directors who were not and are not parties to or threatened with such action, suit, or proceeding or (ii) if such a quorum of disinterested Directors is not available or if a majority of such quorum so directs, in a written opinion by independent legal counsel (designated for such purpose by the Board) which shall not be an attorney, or a firm having associated with it an attorney, who has been retained by or who has performed services for the Company, or any person to be indemnified, within the five years preceding such determination, or (iii) by the shareholders of the Company (the "Shareholders"), or (iv) by the court in which such action, suit, or proceeding was brought.

(d) To the extent that the Indemnitee has been successful on the merits or otherwise, including without limitation the dismissal of an action without prejudice, in defense of any action, suit, or proceeding referred to in Section 2(a) or 2(b), or in defense of any claim, issue, or matter therein, he shall be indemnified against Expenses actually and reasonably incurred by him in connection therewith. Expenses actually and reasonably incurred by the Indemnitee in defending any such action, suit, or proceeding shall be paid by the Company as they are incurred in advance of the final disposition of such action, suit, or proceeding under the procedure set forth in Section 4(b) hereof.

(e) For purposes of this Agreement, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on the Indemnitee with respect to any employee benefit plan; references to "serving at the request of the Company" shall include any service as a director, officer, employee, or agent of the Company which imposes duties on, or involves services by, the Indemnitee with respect to an employee benefit plan, its participants or beneficiaries; references to the masculine shall include the feminine; and references to the singular shall include the plural and VICE VERSA.

3. Additional Indemnification. Pursuant to Section 1701.13(E)(6) of the Ohio Revised Code (the "ORC"), without limiting any right which the Indemnitee may have pursuant to Section 2 hereof or any other provision of this Agreement or the Articles of Incorporation, the Regulations, the ORC, any policy of insurance, or otherwise, but subject to any limitation on the maximum permissible indemnity which may exist under applicable law at the time of any request for indemnity hereunder and subject to the following provisions of this Section 3, the Company shall indemnify the Indemnitee against any amount which he is or becomes obligated to pay relating to or arising out of any claim made against him because of any act, failure to act, or neglect or breach of duty, including any actual or alleged error, misstatement, or misleading statement, which he commits, suffers, permits, or acquiesces in while acting in his capacity as a Director of the Company. The payments which the Company is obligated to make pursuant to this Section 3 shall include without limitation, judgments, fines, and amounts paid in settlement and any and all Expenses actually and reasonably incurred by the Indemnitee in connection therewith including any appeal of or from any judgment or decision; PROVIDED, HOWEVER, that the Company shall not be obligated under this Section 3 to make any payment in connection with any claim against the Indemnitee:

(a) to the extent of any fine or similar governmental imposition which the Company is prohibited by applicable law from paying which results from a final, nonappealable order; or

(b) to the extent based upon or attributable to the Indemnitee having actually realized a personal gain or profit to which he was not legally entitled, including without limitation profit from the purchase and sale by the Indemnitee of equity securities of the Company which are recoverable by the Company pursuant to Section 16(b) of the Securities Exchange Act of 1934, or profit arising from transactions in publicly traded securities of the Company which were effected by the Indemnitee in violation of Section 10(b) of the Securities Exchange Act of 1934, or Rule 10b-5 promulgated thereunder.

A determination as to whether the Indemnitee shall be entitled to indemnification under this Section 3 shall be made in accordance with Section 4(a) hereof. Expenses incurred by the Indemnitee in defending any claim to which this Section 3 applies shall be paid by the Company as they are actually and reasonably incurred in advance of the final disposition of such claim under the procedure set forth in Section 4(b) hereof.

4. Certain Procedures Relating to Indemnification. (a) For purposes of pursuing his rights to indemnification under Section 3 hereof,

the Indemnitee shall (i) submit to the Board a sworn statement of request for indemnification substantially in the form of Exhibit I attached hereto and made a part hereof (the "Indemnification Statement") averring that he is entitled to indemnification hereunder; and (ii) present to the Company reasonable evidence of all amounts for which indemnification is requested. Submission of an Indemnification Statement to the Board shall create a presumption that the Indemnitee is entitled to indemnification hereunder, and the Company shall, within 60 calendar days after submission of the Indemnification Statement, make the payments requested in the Indemnification Statement to or for the benefit of the Indemnitee, unless (i) within such 60-calendar-day period the Board shall resolve by vote of a majority of the Directors at a meeting at which a quorum is present that the Indemnitee is not entitled to indemnification under Section 3 hereof, (ii) such vote shall be based upon clear and convincing evidence (sufficient to rebut the foregoing presumption), and (iii) the Indemnitee shall have received within such period notice in writing of such vote, which notice shall disclose with particularity the evidence upon which the vote is based. The foregoing notice shall be sworn to by all persons who participated in the vote and voted to deny indemnification. The provisions of this Section 4(a) are intended to be procedural only and shall not affect the right of Indemnitee to indemnification under Section 3 of this Agreement so long as Indemnitee follows the prescribed procedure and any determination by the Board that Indemnitee is not entitled to indemnification and any failure to make the payments requested in the Indemnification Statement shall be subject to judicial review by any court of competent jurisdiction.

(b) For purposes of obtaining payments of Expenses in advance of final disposition pursuant to the second sentence of Section 2(d) or the last sentence of Section 3 hereof, the Indemnitee shall submit to the Company a sworn request for advancement of Expenses substantially in the form of Exhibit 2 attached hereto and made a part hereof (the "Undertaking"), averring that he has reasonably incurred actual Expenses in defending an action, suit or proceeding referred to in Section 2(a) or 2(b) or any claim referred to in Section 3, or pursuant to Section 7 hereof. Unless at the time of the Indemnitee's act or omission at issue, the Articles of Incorporation or Regulations of the Company prohibit such advances by specific reference to ORC Section 1701.13(E)(5)(a) and unless the only liability asserted against the Indemnitee in the subject action, suit or proceeding is pursuant to ORC Section 1701.95, the Indemnitee shall be eligible to execute Part A of the Undertaking by which he undertakes to (a) repay such amount if it is proved by clear and convincing evidence in a court of competent jurisdiction that the Indemnitee's action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Company or undertaken with reckless disregard for the best interests of the Company and (b) reasonably cooperate with the Company concerning the action, suit, proceeding or claim. In all cases, the Indemnitee shall be eligible to execute Part B of the Undertaking by which he undertakes to repay such amount if it ultimately is determined that he is not entitled to be indemnified by the Company under this Agreement or otherwise. In the event that the Indemnitee is eligible to and does execute both Part A and Part B of the Undertaking, the Expenses which are paid by the Company pursuant thereto shall be required to be repaid by the Indemnitee only if he is required to do so under the terms of both Part A and Part B of the Undertaking. Upon receipt of the Undertaking, the Company

shall thereafter promptly pay such Expenses of the Indemnitee as are noticed to the Company in writing and in reasonable detail arising out of the matter described in the Undertaking. No security shall be required in connection with any Undertaking.

5. Limitation on Indemnity. Notwithstanding anything contained herein to the contrary, the Company shall not be required hereby to indemnify the Indemnitee with respect to any action, suit, or proceeding that was initiated by the Indemnitee unless (i) such action, suit, or proceeding was initiated by the Indemnitee to enforce any rights to indemnification arising hereunder and such person shall have been formally adjudged to be entitled to indemnity by reason hereof, (ii) authorized by another agreement to which the Company is a party whether heretofore or hereafter entered, or (iii) otherwise ordered by the court in which the suit was brought.

6. Subrogation; Duplication of Payments. (a) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery previously vested in the Indemnitee, who shall execute all papers required and shall do everything that may be

necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

(b) The Company shall not be liable under this Agreement to make any payment in connection with any claim made against Indemnitee to the extent Indemnitee has actually received payment (under any insurance policy, the Company's Regulations or otherwise) of the amounts otherwise payable hereunder.

7. Fees and Expenses of Enforcement. It is the intent of the Company that the Indemnitee not be required to incur the expenses associated with the enforcement of his rights under this Agreement by litigation or other legal action because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Indemnitee hereunder. Accordingly, if it should appear to the Indemnitee that the Company has failed to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes any action to declare this Agreement void or unenforceable, or institutes any action, suit or proceeding to deny, or to recover from, the Indemnitee the benefits intended to be provided to the Indemnitee hereunder, the Company irrevocably authorizes the Indemnitee from time to time to retain counsel of his choice, at the expense of the Company as hereafter provided, to represent the Indemnitee in connection with the initiation or defense of any litigation or other legal action, whether by or against the Company or any director, officer, shareholder, or other person affiliated with the Company, in any jurisdiction. Regardless of the outcome thereof, the Company shall pay and be solely responsible for any and all costs, charges, and expenses, including without limitation fees and expenses of attorneys and others, reasonably incurred by the Indemnitee pursuant to this Section 7.

8. Merger or Consolidation. In the event that the Company shall be a constituent corporation in a consolidation, merger, or other reorganization, the Company, if it shall not be the surviving, resulting, or acquiring corporation therein, shall require as a condition thereto that the

surviving, resulting, or acquiring corporation agree to assume all of the obligations of the Company hereunder and to indemnify the Indemnitee to the full extent provided herein. Whether or not the Company is the resulting, surviving, or acquiring corporation in any such transaction, the Indemnitee shall also stand in the same position under this Agreement with respect to the resulting, surviving, or acquiring corporation as he would have with respect to the Company if its separate existence had continued.

9. Nonexclusivity and Severability. (a) The rights to indemnification provided by this Agreement shall not be exclusive of any other rights of indemnification to which the Indemnitee may be entitled under the Articles of Incorporation, the Regulations, the ORC or any other statute, any insurance policy, agreement, or vote of shareholders or directors or otherwise, as to any actions or failures to act by the Indemnitee, and shall continue after he has ceased to be a Director, officer, employee, or agent of the Company or other entity for which his service gives rise to a right hereunder, and shall inure to the benefit of his heirs, executors, and administrators.

(b) If any provision of this Agreement or the application of any provision hereof to any person or circumstances is held invalid, unenforceable, or otherwise illegal, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected, and the provision so held to be invalid, unenforceable, or otherwise illegal shall be reformed to the extent (and only to the extent) necessary to make it enforceable, valid, and legal.

10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, without giving effect to the principles of conflict of laws thereof.

11. Modification. This Agreement and the rights and duties of the Indemnitee and the Company hereunder may be modified only by an instrument in writing signed by both parties hereto.

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

CLEVELAND-CLIFFS INC

By

President and Chief Executive Officer

[Signature of Indemnitee]

INDEMNIFICATION STATEMENT

STATE OF)
) ss:
COUNTY OF)

I, _____ being first duly sworn, do depose and say as follows:

1. This Indemnification Statement is submitted pursuant to the Indemnification Agreement, dated , _____, _____ between Cleveland-Cliffs Inc (the "Company"), an Ohio corporation, and the undersigned.

2. I am requesting indemnification against costs, charges, expenses (which may include fees and expenses of attorneys and/or others), judgments, fines, and amounts paid in settlement (collectively, "Liabilities"), which have been actually and reasonably incurred by me in connection with a claim referred to in Section 3 of the aforesaid Indemnification Agreement.

3. With respect to all matters related to any such claim, I am entitled to be indemnified as herein contemplated pursuant to the aforesaid Indemnification Agreement.

4. Without limiting any other rights which I have or may have, I am requesting indemnification against Liabilities which have or may arise out of _____ _____.

_____
[Signature of Indemnitee]

Subscribed and sworn to before me, a Notary Public in and for said County and State, this_____ of _____ , _____

[Seal]

My commission expires the_____day of_____, _____

Exhibit 2

UNDERTAKING

STATE OF)
) ss:
COUNTY OF)

I, being first duly sworn, do depose and say as follows:

1. This Undertaking is submitted pursuant to the Indemnification Agreement, dated _____ , between Cleveland-Cliffs Inc (the "Company"), an Ohio corporation, and the undersigned.

2. I am requesting payment of costs, charges, and expenses which I have reasonably incurred or will reasonably incur in defending an action, suit or proceeding, referred to in Section 2(a) or 2(b) or any claim referred to in Section 3, or pursuant to Section 7, of the aforesaid Indemnification Agreement.

3. The costs, charges, and expenses for which payment is requested are, in general , all expenses related to _____ _____

4. Part A

I hereby undertake to (a) repay all amounts paid pursuant hereto if it is proved by clear and convincing evidence in a court of competent jurisdiction that my action or failure to act which is the subject of the matter described herein involved an act or omission undertaken with deliberate intent to cause injury to the Company or undertaken with reckless disregard for the best interests of the Company and (b) reasonably cooperate with the Company concerning the action, suit, proceeding or claim.

_____
(Signature of Indemnitee)

4. Part B

I hereby undertake to repay all amounts paid pursuant hereto if it ultimately is determined that I am not entitled to be indemnified by the Company under the aforesaid Indemnification Agreement or otherwise.

_____
(Signature of Indemnitee)

Subscribed and sworn to before me, a Notary Public in and for said County and State, this _____day of _____, _____.

[Seal]

My commission expires the _____ day of_____,_____.

EXHIBIT C

AMENDED AND RESTATED TRUST AGREEMENT NO. 2
FORM OF DIRECTOR/0FFICER INDEMNIFICATION AGREEMENT

DIRECTOR AND OFFICER INDEMNIFICATION AGREEMENT

This Director and Officer Indemnification Agreement ("AGREEMENT") is made as of _____, by and between Cleveland-Cliffs Inc, an Ohio corporation (the "COMPANY"), and _____ (the "INDEMNITEE"), a Director and an officer of the Company.

RECITALS:

A. The Indemnitee is presently serving as a Director and an officer of the Company and the Company desires the Indemnitee to continue in such capacities. The Indemnitee is willing, subject to certain conditions including without limitation the execution and performance of this Agreement by the Company, to continue serving in such capacities.

B. In addition to the indemnification to which the Indemnitee is entitled under the Regulations of the Company (the "REGULATIONS"), the Company has obtained, at its sole expense, insurance protecting the Company and its officers and Directors, including the Indemnitee, against certain losses arising out of actual or threatened actions, suits, or proceedings to which such persons may be made or threatened to be made parties.

Accordingly, and in order to induce the Indemnitee to continue to serve in his present capacity, the Company and the Indemnitee agree as follows:

AGREEMENT:

1. Continued Service. The Indemnitee shall continue to serve, at the will of the Company or in accordance with a separate contract, to the extent that such a contract is in effect at the time in question, as a Director and an officer of the Company so long as he is duly elected and qualified in accordance with the Regulations or until he resigns in writing in accordance with applicable law.

2. Initial Indemnity. (a) The Company shall indemnify the Indemnitee if or when he is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Company), by reason of the fact that he is or was a Director, officer, employee or agent of the Company or is or was serving at the request of the Company as a director, trustee, officer, employee, member, manager or agent of another corporation, domestic or foreign, nonprofit or for profit, a limited liability company, or a partnership, joint venture, trust, or other enterprise, or by reason of any action alleged to have been taken or omitted in any such capacity, against any and all costs, charges, expenses (including without limitation fees and expenses of attorneys and/or others; all such costs, charges and expenses being herein jointly referred to as "EXPENSES"), judgments, fines, and amounts paid in settlement, actually and reasonably incurred by the Indemnitee in connection therewith, including any appeal of or from any judgment or decision, unless it is proved by clear and convincing evidence in a court of competent jurisdiction that the Indemnitee's action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Company or undertaken with reckless disregard for the best interests of the Company, and, with respect to any criminal action or proceeding, if the Indemnitee had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the Indemnitee did not satisfy the foregoing standard of conduct to the extent applicable thereto.

(b) The Company shall indemnify the Indemnitee if or when he is a party, or is threatened to be made a party, to any threatened, pending, or completed action, suit, or proceeding by or in the right of the Company to procure a judgment in its favor, by reason of the fact that the Indemnitee is or was a Director, officer, employee or agent of the Company or is or was serving at the request of the Company as a director, trustee, officer, employee, member, manager or agent of another corporation, domestic or foreign, nonprofit or for profit, a limited liability company, or a partnership, joint venture, trust, or

other enterprise, against any and all Expenses actually and reasonably incurred by the Indemnitee in connection with the defense or settlement thereof or any appeal of or from any judgment or decision, unless it is proved by clear and convincing evidence in a court of competent jurisdiction that the Indemnitee's action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Company or undertaken with reckless disregard for the best interests of the Company, except that no indemnification pursuant to this Section 2(b) shall be made in respect of any action or suit in which the only liability asserted against the Indemnitee is pursuant to Section 1701.95 of the Ohio Revised Code (the "ORC").

(c) Any indemnification under Section 2(a) or 2(b) (unless ordered by a court) shall be made by the Company only as authorized in the specific case upon a determination that indemnification of the Indemnitee is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 2(a) or 2(b). Such authorization shall be made (i) by the Board of Directors of the Company (the "BOARD") by a majority vote of a quorum consisting of Directors who were not and are not parties to or threatened with such action, suit, or proceeding, or (ii) if such a quorum of disinterested Directors is not available or if a majority of such quorum so directs, in a written opinion by independent legal counsel (designated for such purpose by the Board) which shall not be an attorney, or a firm having associated with it an attorney, who has been retained by or who has performed services for the Company, or any person to be indemnified, within the five years preceding such determination, or (iii) by the shareholders of the Company (the "SHAREHOLDERS"), or (iv) by the court in which such action, suit, or proceeding was brought.

(d) To the extent that the Indemnitee has been successful on the merits or otherwise, including without limitation the dismissal of an action without prejudice, in defense of any action, suit, or proceeding referred to in Section 2(a) or 2(b), or in defense of any claim, issue, or matter therein, he shall be indemnified against Expenses actually and reasonably incurred by him in connection therewith.

(e) Expenses actually and reasonably incurred by the Indemnitee in defending any such action, suit, or proceeding shall be paid by the Company as they are incurred in advance of

the final disposition of such action, suit, or proceeding under the procedure set forth in Section 4(b) hereof.

(f) For purposes of this Agreement, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on the Indemnitee with respect to any employee benefit plan; references to "serving at the request of the Company" shall include any service as a Director, officer, employee, or agent of the Company which imposes duties on, or involves services by, the Indemnitee with respect to an employee benefit plan, its participants or beneficiaries; references to the masculine shall include the feminine; references to the singular shall include the plural and vice versa; and with respect to conduct by Indemnitee in his capacity as a trustee, administrator or other fiduciary of any employee benefit plan of the Company, if the Indemnitee acted in good faith and in a manner he reasonably believed to be in the interest of the participants or beneficiaries of such employee benefit plan, he shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to herein.

(g) No amendment to the Amended Articles of Incorporation of the Company (the "ARTICLES"), or the Regulations shall deny, diminish, or encumber the Indemnitee's rights to indemnity pursuant to the Regulations, the Ohio Revised Code (the "ORC"), or any other applicable law as applied to any act or failure to act occurring in whole or in part prior to the date (the "EFFECTIVE DATE") upon which the amendment was approved by the Shareholders. In the event that the Company shall purport to adopt any amendment to its Articles or Regulations or take any other action, the effect of which is to deny, diminish, or encumber the Indemnitee's rights to indemnity pursuant to the Articles, the Regulations, the ORC, or any such other law, such amendment shall apply only to acts or failures to act occurring entirely after the Effective Date thereof.

3. Additional Indemnification. (a) Pursuant to Section 1701.13(E)(6) of the ORC, without limiting any right which the Indemnitee may have pursuant to Section 2 hereof or any other provision of this Agreement or the Articles, the Regulations, the ORC, any policy of insurance, or otherwise, but subject to any limitation on the maximum permissible indemnity which may exist under applicable law at the time of any request for indemnity hereunder and subject to the following provisions of this Section 3(a), the Company shall indemnify the Indemnitee against any amount which he is or becomes obligated to pay relating to or arising out of any claim made against him because of any act, failure to act, or neglect or breach of duty, including any actual or alleged error, misstatement, or misleading statement, which he commits, suffers, permits, or acquiesces in while acting in his capacity as a Director or an officer of the Company. The payments which the Company is obligated to make pursuant to this Section 3(a) shall include without limitation judgments, fines, and amounts paid in settlement and any and all Expenses actually and reasonably incurred by the Indemnitee in connection therewith including any appeal of or from any judgment

or decision; provided, however, that the Company shall not be obligated under this Section 3(a) to make any payment in connection with any claim against the Indemnitee:

(i) to the extent of any fine or similar governmental imposition which the Company is prohibited by applicable law from paying which results from a final, nonappealable order; or

(ii) to the extent based upon or attributable to the Indemnitee having actually realized a personal gain or profit to which he was not legally entitled, including without limitation profit from the purchase and sale by the Indemnitee of equity securities of the Company which are recoverable by the Company pursuant to Section 16(b) of the Securities Exchange Act of 1934, or profit arising from transactions in publicly traded securities of the Company which were effected by the Indemnitee in violation of Section 10(b) of the Securities Exchange Act of 1934, or Rule 10b-5 promulgated thereunder.

(b) A determination as to whether the Indemnitee shall be entitled to indemnification under this Section 3(a) shall be made in accordance with Section 4(a) hereof. Expenses incurred by the Indemnitee in defending any claim to which this Section 3(a) applies shall be paid by the Company as they are actually and reasonably incurred in advance of the final disposition of such claim under the procedure set forth in Section 4(b) hereof.

4. Certain Procedures Relating to Indemnification. (a) For purposes of pursuing his rights to indemnification under Section 3(a) hereof, the Indemnitee shall (i) submit to the Board a sworn statement of request for indemnification substantially in the form of Exhibit l attached hereto and made a part hereof (the "INDEMNIFICATION STATEMENT") averring that he is entitled to indemnification hereunder; and (ii) present to the Company reasonable evidence of all amounts for which indemnification is requested. Submission of an Indemnification Statement to the Board shall create a presumption that the Indemnitee is entitled to indemnification hereunder, and the Company shall, within 60 calendar days after submission of the Indemnification Statement, make the payments requested in the Indemnification Statement to or for the benefit of the Indemnitee, unless (i) within such 60-calendar-day period the Board shall resolve by vote of a majority of the Directors at a meeting at which a quorum is present that the Indemnitee is not entitled to indemnification under Section 3(a) hereof, (ii) such vote shall be based upon clear and convincing evidence (sufficient to rebut the foregoing presumption), and (iii) the Indemnitee shall have received within such period notice in writing of such vote, which notice shall disclose with particularity the evidence upon which the vote is based. The foregoing notice shall be sworn to by all persons who participated in the vote and voted to deny indemnification. The provisions of this Section 4(a) are intended to be procedural only and shall not affect the right of Indemnitee to indemnification under Section 3(a) of this Agreement so long as Indemnitee follows the prescribed procedure, and any determination by the Board that Indemnitee is not entitled to indemnification and any failure to make the payments requested in the Indemnification Statement shall be subject to judicial review by any court of competent jurisdiction.

(b) For purposes of obtaining payments of Expenses in advance of final disposition pursuant to Section 2(e) or the last sentence of Section 3(b), the Indemnitee shall submit to the Company a sworn request for advancement of Expenses substantially in the form of Exhibit 2 attached hereto and made a part hereof (the "UNDERTAKING"), averring that he has reasonably incurred actual Expenses in defending an action, suit or proceeding referred to in Section 2(a) or 2(b) or any claim referred to in Section 3(a), or pursuant to Section 7 hereof. The Indemnitee shall execute Part A of the Undertaking by which he undertakes to: (i) repay such

amount if it is proved by clear and convincing evidence in a court of competent jurisdiction that the Indemnitee's action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Company or undertaken with reckless disregard for the best interests of the Company; and (ii) reasonably cooperate with the Company concerning the action, suit, proceeding or claim. In all cases, Indemnitee shall be eligible to execute Part B of the Undertaking by which he undertakes to repay such amount if it ultimately is determined that he is not entitled to be indemnified by the Company under this Agreement or otherwise. In the event that the Indemnitee is eligible to and does execute both Part A and Part B of the Undertaking, the Expenses which are paid by the Company pursuant thereto shall be required to be repaid by the Indemnitee only if he is required to do so under the terms of both Part A and Part B of the Undertaking. Upon receipt of the Undertaking, the Company shall thereafter promptly pay such Expenses of the Indemnitee as are noticed to the Company in writing in reasonable detail arising out of the matter described in the Undertaking. No security shall be required in connection with any Undertaking.

5. Limitation on Indemnity. Notwithstanding anything contained herein to the contrary, the Company shall not be required hereby to indemnify the Indemnitee with respect to any action, suit, or proceeding that was initiated by the Indemnitee unless (i) such action, suit, or proceeding was initiated by the Indemnitee to enforce any rights to indemnification arising hereunder and such person shall have been formally adjudged to be entitled to indemnity by reason hereof, (ii) authorized by another agreement to which the Company is a party whether heretofore or hereafter entered, or (iii) otherwise ordered by the court in which the suit was brought.

6. Subrogation; Duplication of Payments. (a) In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

(b) The Company shall not be liable under this Agreement to make any payment in connection with any claim made against Indemnitee to the extent Indemnitee has actually received payment (under any insurance policy, the Regulations or otherwise) of the amounts otherwise payable hereunder.

7. Fees and Expenses of Enforcement. It is the intent of the Company that the Indemnitee not be required to incur the expenses associated with the enforcement of his rights under this Agreement by litigation or other legal action because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Indemnitee hereunder. Accordingly, if it should appear to the Indemnitee that the Company has failed to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes any action to declare this Agreement void or unenforceable, or institutes any action, suit or proceeding to deny, or to recover from, the Indemnitee the benefits intended to be provided to the Indemnitee hereunder, the Company irrevocably authorizes the Indemnitee from time to time to retain counsel of his choice, at the expense of the Company as hereafter provided, to represent the Indemnitee in connection with the initiation or defense of any litigation or other legal action, whether by or against the Company or any Director, officer, shareholder, or other

person affiliated with the Company, in any jurisdiction. Regardless of the outcome thereof, the Company shall pay and be solely responsible for any and all costs, charges, and expenses, including without limitation, fees and expenses of attorneys and others, reasonably incurred by the Indemnitee pursuant to this Section 7.

8. Merger or Consolidation. In the event that the Company shall be a constituent corporation in a consolidation, merger, or other reorganization, the Company, if it shall not be the surviving, resulting, or acquiring corporation therein, shall require as a condition thereto that the surviving, resulting, or acquiring corporation agree to assume all of the obligations of the Company hereunder and to indemnify the Indemnitee to the full extent provided herein. Whether or not the Company is the resulting, surviving, or acquiring corporation in any such transaction, the Indemnitee shall also stand in the same position under this Agreement with respect to the resulting, surviving, or acquiring corporation as he would have with respect to the Company if its separate existence had continued.

9. Nonexclusivity and Severability. (a) The rights to indemnification provided by this Agreement shall not be exclusive of any other rights of indemnification to which the Indemnitee may be entitled under the Articles, the Regulations, the ORC or any other statute, any insurance policy, agreement, or vote of shareholders or Directors or otherwise, as to any actions or failures to act by the Indemnitee, and shall continue after he has ceased to be a Director, officer, employee, or agent of the Company or other entity for which his service gives rise to a right hereunder, and shall inure to the benefit of his heirs, executors and administrators. In the event of any payment under this Agreement, the Company shall be subrogated to the extent thereof to all rights of recovery previously vested in the Indemnitee, who shall execute all instruments and take all other actions as shall be reasonably necessary for the Company to enforce such rights.

(b) Except as provided in Section 9(a), the rights to indemnification provided by this Agreement are personal to Indemnitee and are non-transferable by Indemnitee, and no party other than the Indemnitee is entitled to indemnification under this Agreement.

(c) If any provision of this Agreement or the application of any provision hereof to any person or circumstances is held invalid, unenforceable or otherwise illegal, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected, and the provision so held to be invalid, unenforceable or otherwise illegal shall be reformed to the extent (and only to the extent) necessary to make it enforceable, valid and legal.

10. Security. To ensure that the Company's obligations pursuant to this

Agreement can be enforced by Indemnitee, the Company may, at its option, establish a trust pursuant to which the Company's obligations pursuant to this Agreement and other similar agreements can be funded.

11. Notices. All notices and other communications hereunder shall be in writing and shall be personally delivered or sent by recognized overnight courier service (a) if to the Company, to the then-current principal executive offices of the Company (Attention: General Counsel) or (b) if to the Indemnitee, to the last known address of Indemnitee as reflected in the

Company's records. Either party may change its address or the delivery of notices or other communications hereunder by providing notice to the other party as provided in this Section 12. All notices shall be effective upon actual delivery by the methods specified in this Section 12.

12. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, without giving effect to the principles of conflict of laws thereof.

13. Modification. This Agreement and the rights and duties of the Indemnitee and the Company hereunder may be modified only by an instrument in writing signed by both parties hereto.

14. Prior Agreement. This Agreement amends and restates the Officer Indemnification Agreement, dated as of _____(the "PRIOR AGREEMENT"), between the Company and the Indemnitee, which Prior Agreement shall, without further action, be superseded as of the date first above written.

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

CLEVELAND-CLIFFS INC

By:

Name:
Title:

Indemnitee

Exhibit 1

INDEMNIFICATION STATEMENT

STATE OF)
_____
) SS
COUNTY OF)
_____

I, _____ , being first duly sworn, do depose and say as follows:

1. This Indemnification Statement is submitted pursuant to the Director and Officer Indemnification Agreement, dated _____ __, _____, between Cleveland-Cliffs Inc, an Ohio corporation (the "COMPANY"), and the undersigned.

2. I am requesting indemnification against costs, charges, expenses (which may include fees and expenses of attorneys and/or others), judgments, fines, and amounts paid in settlement (collectively, "LIABILITIES"), which have been actually and reasonably incurred by me in connection with a claim referred to in Section 3(a) of the aforesaid Indemnification Agreement.

3. With respect to all matters related to any such claim, I am entitled to be indemnified as herein contemplated pursuant to the aforesaid Indemnification Agreement.

4. Without limiting any other rights which I have or may have, I am requesting indemnification against Liabilities which have or may arise out of
_____
_____
_____ .

_____
[Signature of Indemnitee]

Subscribed and sworn to before me, a Notary Public in and for said County and State, this ____ day of _____, ____.

_____

[Seal]

My commission expires the ____ day of _____, _____.

Exhibit 2

UNDERTAKING

STATE OF)
_____
) SS
COUNTY OF)
_____

I, _____, being first duly sworn, do depose and say as follows:

1. This Undertaking is submitted pursuant to the Director and Officer Indemnification Agreement, dated _____ __, _____, between Cleveland-Cliffs Inc, an Ohio corporation (the "COMPANY") and the undersigned.

2. I am requesting payment of costs, charges, and expenses which I have reasonably incurred or will reasonably incur in defending an action, suit or proceeding, referred to in Section 2(a) or 2(b) or any claim referred to in Section 3(a), or pursuant to Section 8, of the aforesaid Indemnification Agreement.

3. The costs, charges, and expenses for which payment is requested are, in general, all expenses related to _____
_____
_____.

4. Part A(1)

I hereby undertake to (a) repay all amounts paid pursuant hereto if it is proved by clear and convincing evidence in a court of competent jurisdiction that my action or failure to act which is the subject of the matter described herein involved an act or omission undertaken with deliberate intent to cause injury to the Company or undertaken with reckless disregard for the best interests of the Company and (b) reasonably cooperate with the Company concerning the action, suit, proceeding or claim.

_____
[Signature of Indemnitee]

4. Part B

- --------
(1) The Indemnitee shall not be eligible to execute Part A of this Undertaking if, at the time of the Indemnitee's act or omission at issue, the Articles or the Regulations of the Company prohibit such advances by specific reference to the Ohio Revised Code (the "ORC") Section 1701.13(E)(5)(a), or if the only liability asserted against the Indemnitee is in an action, suit or proceeding on the Company's behalf pursuant to ORC Section 1701.95. In the event that the Indemnitee is eligible to and does execute both Part A and Part B hereof, the costs, charges and expenses which are paid by the Company pursuant hereto shall be required to be repaid by the Indemnitee only if he is required to do so under the terms of both Part A and Part B hereof.

I hereby undertake to repay all amounts paid pursuant hereto if it ultimately is determined that I am not entitled to be indemnified by the Company under the aforesaid Indemnification Agreement or otherwise.

_____
[Signature of Indemnitee]

Subscribed and sworn to before me, a Notary Public in and for said County and State, this ____ day of _____, ____.

[Seal]

_____

My commission expires the _____ day of _____, ____.

EXHIBIT D

AMENDED AND RESTATED TRUST AGREEMENT NO. 2.
DIRECTORS/OFFICERS

Directors

John S. Brinzo
Ronald C. Cambre
Robert S. Colman
Ranks Cucuz
James D. Ireland III
G. Frank Joklik
E. Bradley Jones
Leslie Lazar Kanuk
Anthony A. Massaro
Francis R. McAllister
M. Thomas Moore
John C. Morley
Stephen B. Oresman
Roger Phillips
Richard K. Riederer
Alan Schwartz
Jeptha H. Wade
Alton W. Whitehouse

Directors/Officers

David H. Gunning

Exhibit 10 (VV)

CONFIDENTIAL TREATMENT
CLEVELAND-CLIFFS INC HAS REQUESTED THAT THE
MARKED PORTIONS OF THIS DOCUMENT BE ACCORDED
CONFIDENTIAL TREATMENT PURSUANT TO RULE 24B-2
UNDER THE SECURITIES EXCHANGE ACT OF 1934

PELLET SALE AND PURCHASE AGREEMENT

This AGREEMENT (this "AGREEMENT") is entered into, dated as of December 31, 2002, by and among THE CLEVELAND-CLIFFS IRON COMPANY, an Ohio corporation ("CCIC"), CLIFFS MINING COMPANY, a Delaware corporation ("CMC"; CCIC and CMC, collectively, "CLIFFS"), and ISPAT INLAND INC., a Delaware corporation ("INLAND"). Capitalized terms used herein and not defined in context or defined (or cross-referenced) in Section 1 shall have the meanings given to them in the Partnership Agreement (defined below).

RECITALS

WHEREAS, each of Inland and Cliffs Empire, Inc., a Michigan corporation ("CLIFFS EMPIRE"), is a general partner in Empire Iron Mining Partnership, a Michigan general partnership (the "PARTNERSHIP"), pursuant to that certain Restated Empire Iron Mining Partnership Agreement dated as of December 1, 1978, as amended (the "PARTNERSHIP AGREEMENT"), the current parties to which are Inland, Cliffs Empire, Empire-Cliffs Partnership, a Michigan general partnership, Wheeling-Pittsburgh/Cliffs Partnership, a Michigan general partnership, and the Partnership;

WHEREAS, concurrently with the execution and delivery of this Agreement, Inland and Cliffs Empire are entering into that Purchase and Sale Agreement ("PSA") pursuant to which Cliffs Empire is to acquire Inland's 32.33% general partnership interest in the Partnership (the date such acquisition is to be effective, the "EFFECTIVE DATE");

WHEREAS, Cliffs and Inland currently are parties to a Pellet Sale and Purchase Agreement, dated as of January 1, 1997, as amended (the "PREDECESSOR PELLET SALE AGREEMENT"), providing for the sale by Cliffs and the purchase by Inland of up to 1,000,000 tons of pellets annually in excess of Inland's Equity Entitlements from sources controlled or managed by Cliffs; and

WHEREAS, Inland desires to purchase from Cliffs, and Cliffs desires to sell to Inland, a tonnage of Cliffs Pellets equal to all of Inland's Excess Annual Requirements from and after the Effective Date, subject to the terms and conditions hereof, and Inland and Cliffs desire to terminate the Predecessor Pellet Sale Agreement as of the Effective Date;

AGREEMENTS

NOW, THEREFORE, in consideration of the premises, their mutual covenants and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. DEFINITIONS

The terms quoted in the above parentheses of the first introductory paragraph of this Agreement, the WHEREAS clauses, other terms quoted throughout this Agreement, and the

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

terms defined below in this Section 1 shall have the meanings assigned to them for purposes of this Agreement.

(a) "ALTERNATIVE DAY" means, with respect to a given date that is not a Business Day, (i) the day immediately preceding such date, if such date is a Saturday which is not also a holiday for which banks in Cleveland, Ohio or Chicago, Illinois are not permitted or required by law to be closed for business, and (ii) in all other events, the next following Business Day.

(b) "BASIC CLIFFS PELLETS" means, collectively, Empire Pellets and Wabush Pellets.

(c) "BUSINESS DAY" means any day on which banks in Cleveland, Ohio or Chicago, Illinois are not permitted or required by law to be closed for business.

(d) "CLIFFS PELLETS" means, collectively, Basic Cliffs Pellets and Other Cliffs Pellets.

(e) "COMPOSITE INDEX" means, for any year, the sum of:

(i) [* * * *], multiplied by a fraction, the numerator of which is the [* * * *] for such preceding year, and the denominator of which is the [* * * *] for [* * * *]; plus

(ii) [* * * *], multiplied by a fraction, the numerator of which is the [* * * *] for such preceding year, and the denominator of which is the [* * * *] for [* * * *]; plus

(iii) [* * * *], multiplied by a fraction, the numerator of which is the [* * * *] for such preceding year, and the denominator of which is the [* * * *] for [* * * *].

The formula for calculating this Composite Index is set forth on Schedule 1(e). For each year beginning in [* * * *] the Composite Index (x) shall be initially determined based on Cliffs' good faith reasonable estimate (which shall take into account all data that is final for the year in determination) given to Inland not later than December 15 of the prior year and (y) shall be certified by Cliffs not later than June 15 of such year. Beginning in [* * * *], subject to adjustment pursuant to Section 7 hereof, payments shall be made by reference to the Composite Index estimated (with respect to payments made with respect to such year until June 15 of such year) and certified (with respect to payments made with respect to such year after June 15 of such year) by Cliffs pursuant hereto, unless disputed in good faith by Inland.

(f) "CONTRACT YEAR" means a 12-month period commencing on February 1 and ending on January 31. For example, the 2003 Contract Year commences on 2/1/03 and ends on 1/31/04.

(g) ["* * * * "] means, for any year, the arithmetical average of the [* * * *], for such year

(h) "EMPIRE EQUITY TONNAGE" means the total tonnage of pellets that Inland or any subsidiary or affiliate of Inland nominates for purchase from the Partnership, and which tonnage

the Partnership is required to supply in accordance with the terms and conditions of the EIMP Ore Sales Agreement.

(i) "EXPECTED IRON CONTENT" means (i) for Empire Standard Pellets, 63.47%, (ii) for Empire Royal Pellets, 59.96%, (iii) for Empire Viceroy Pellets, 58.64%, (iv) for Wabush 1% Mn Standard Pellets, 64.35%, (v) for Wabush 1% Mn Flux Pellets, 61.67%, (vi) for Wabush 2% Mn Standard Pellets, 63.57%, (vii) for Wabush 2% Mn Flux Pellets, 60.84%, and (viii) for any kind of Other Cliffs Pellets (subject to applicable grade and quality standards set forth in Section 4 hereof) (x) in the first year they are provided by Cliffs, the percentage specified by Cliffs in good faith, and (y) in all other years, the actual iron percentage for such kind of Other Cliffs Pellets for the prior year.

(j) "FLUX COMPOSITE INDEX" means, for any year, the sum of:

(i) [* * * *], multiplied by a fraction, the numerator of which is the average cost per [* * * *] for such preceding year, and the denominator of which is the average cost per [* * * *] for [* * * *]; provided, however, that Cliffs shall use commercially reasonable efforts to obtain the [* * * *]; plus

(ii) [* * * *], multiplied by a fraction, the numerator of which is the [* * * *] for such preceding year, and the denominator of which is the [* * * *] for [* * * *].

The formula for calculating this Flux Composite Index is set forth on Schedule 1(j). For each year beginning in [* * * *], the Flux Composite Index (x) shall be initially determined based on Cliffs' good faith reasonable estimate (which shall take into account all data that is final for the year in determination) given to Inland not later than December 15 of the prior year and (y) shall be certified by Cliffs not later than June 15 of such year. Beginning in [* * * *], subject to adjustment pursuant to Section 7 hereof, payments shall be made by reference to the Flux Composite Index estimated (with respect to payments made with respect to such year until June 15 of such year) and certified (with respect to payments made with respect to such year after June 15 of such year) by Cliffs pursuant hereto, unless disputed in good faith by Inland.

(k) The words "INLAND'S EQUITY ENTITLEMENTS", as used herein, means the total tonnage of pellets which Inland or any subsidiary or affiliate of Inland actually purchases or acquires annually or otherwise receives annually from the

Minorca iron ore mine, located in Virginia, Minnesota, and the Empire Mine pursuant to the EIMP Ore Sales Agreement; provided, however, that Inland's Equity Entitlements with respect to Minorca shall be consistent with Minorca's production capability as of January 1, 2003 as enhanced by subsequent continuous production improvements.

(l) The words "IRON UNIT", as used herein, means one percent (1%) of contained iron, and all prices per iron unit shall be expressed on an iron unit per ton basis.

(m) [* * * *]

(n) "OTHER CLIFFS PELLETS" means, collectively, Other Cliffs Standard Pellets and Other Cliffs Fluxed Pellets.

(o) The word "PELLETS", as used herein, means iron-bearing products at natural moisture obtained by the pelletizing of iron ore or iron ore concentrates, suitable for making iron in blast furnaces.

(p) The word "PERSON", as used herein, means any natural person, or any corporation, limited liability company, limited or general partnership, trust, association or other legal entity.

(q) [* * * *] means 100%, minus the following quotient, expressed as a percentage:

(i) the number of tons of pellets actually delivered by Cliffs during a Contract Year in accordance with the terms and conditions hereof and the EIMP Ore Sales Agreement, divided by

(ii) the amount of the Excess Annual Requirements that Cliffs has committed to supply hereunder plus the Empire Equity Tonnage for such year.

(r) The word "TON", as used herein, means a gross ton of 2,240 pounds avoirdupois natural weight.

(s) [* * * *] means, at any time, a price per iron unit equal to the sum of:

(i) [* * * *], multiplied by the [* * * *]; plus

(ii) [* * * *], multiplied by the [* * * *].

Schedule 1(s) illustrates calculation of the [* * * *] for [* * * *], which is [* * * *] per iron unit.

(t) The word "YEAR", as used herein, means a calendar year commencing on January 1 and ending December 31.

(u) If any of the information required to calculate the Composite Index, the [* * * *] or the [* * * *] (either because a particular product ceases to be available, or because information is no longer [* * * *], the parties will negotiate in good faith to revise the definition of such term to one based on then-published information, and any dispute will be resolved pursuant to Section 15.

(v) The following is a locator list of all defined terms used throughout this Agreement:

<TABLE>
<S> <C>

</TABLE>

SECURITIES AND EXCHANGE COMMISSION.
ASTERISKS DENOTE SUCH OMISSIONS.

CONFIDENTIAL MATERIAL HAS BEEN
OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION.
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2. SALE AND PURCHASE/VOLUME

(a) Subject to the other provisions of this Section 2, for each of the 12 Contract Years 2003 through 2014, inclusive, and during any extension of the term of this Agreement, Cliffs shall sell and deliver to Inland, and Inland shall purchase and receive from Cliffs and pay Cliffs for, a tonnage of Cliffs Pellets equal to 100% of the total pellet tonnage consumed in the blast furnaces or other areas that use prime blast furnace pellets (assuming the Cliffs Pellets meet the applicable quality requirements of those other areas), at Inland's facility at Indiana Harbor, Indiana (the "INDIANA HARBOR PLANT"), adjusted for inventory positions, in excess of Inland's Equity Entitlements ("EXCESS ANNUAL REQUIREMENTS") for such Contract Year; provided, however, that (i) in no Contract Year shall Inland purchase and receive from Cliffs and the Partnership, collectively, pursuant to (A) the EIMP Ore Sales Agreement and (B) this Agreement, and pay Cliffs and the Partnership, collectively, for, less than [* * * *] tons of Cliffs Pellets, and (ii) by January 31, 2008 Inland shall have

purchased and received from Cliffs and the Partnership, collectively, pursuant to the EIMP Ore Sales Agreement and this Agreement, and have paid Cliffs and the Partnership, collectively, for, not less than [* * * *] tons of Cliffs Pellets. If Inland plans to close any blast furnace at the Indiana Harbor Plant for a minimum of two years, Inland shall notify Cliffs a minimum of one year prior to such blast furnace closure date, and the minimum annual tonnage of Cliffs Pellets to be purchased and received by Inland from Cliffs and the Partnership, collectively, under clause (i) of the proviso in the foregoing sentence shall be reduced by (x) 500,000 tons per Contract Year, prorated for the first Contract Year based upon when during such Contract Year such closure is effective for the first blast furnace closed, (y) an additional 800,000 tons per Contract Year, prorated for the first Contract Year based upon when during such Contract Year such closure is effective for the second blast furnace closed, and (z) an additional 1,200,000 tons per Contract Year, prorated for the first Contract Year based upon when during such Contract Year such closure is effective for the third blast furnace closed, but no change shall be made to the minimum tonnage under clause (ii) of such proviso. If a blast furnace for which a reduction has been granted, reopens less than 2 years after the effective date of closure, Inland's Excess Annual Requirement for the then-current Contract Year shall immediately be increased by an amount equal to the amount by which actual tons purchased by Inland in the affected years was less than the then applicable purchase requirements for such affected years (without regard to the reduction taken for the re-opened furnace).

(b) For each of the 12 Contract Years 2003 through 2014, inclusive, and during any extension of the term of this Agreement, Cliffs shall be obligated to sell and deliver to Inland 100% of its Excess Annual Requirements, up to [* * *] tons of Cliffs Pellets per Contract Year. If Inland's Excess Annual Requirements, as initially fixed pursuant to Section 5(a) or as adjusted pursuant to Section 5(c), in any Contract Year exceeds [* * * *] tons, Cliffs shall use commercially reasonable efforts to sell and deliver any pellets in excess of [* * * *] tons. For purposes of this Section 2(b) the Cliffs Pellets supplied by the Partnership under the EIMP Ore Sales Agreement shall count as Cliffs Pellets supplied by Cliffs in discharge of its obligation to supply Inland's Excess Annual Requirements. In the event that Cliffs fails to supply Inland's

Excess Annual Requirements which Cliffs is required to supply in accordance with the terms and conditions hereof or fails to cause the Partnership to supply Inland's Empire Equity Tonnage which the Partnership is required to supply in accordance with the terms and conditions of the EIMP Ore Sales Agreement, which failure remains uncured for 60 days (or any such shorter period of time after which all or substantially all of Inland's pellet inventory will be consumed or used) after notice is given by Inland of such failure (the aggregate shortfall from Inland's Excess Annual Requirements and Empire Equity Tonnage being referred to herein as the "SUPPLY SHORTFALL"), then Inland may, at its sole option, "cover" by making any reasonable purchase of or contract to purchase pellets in substitution for those due from Cliffs hereunder and from the Partnership under the EIMP Ore Sales Agreement. Inland shall be entitled to recover from Cliffs as damages ("COVERING COSTS") the difference between the cost of covering and the price herein provided for [* * * *] and such other incidental costs (such as storage and transport) related thereto, but less any other expenses saved as a result of Cliffs' failure. In addition to the foregoing, if the aggregate Supply Shortfall in a given Contract Year [* * * *] of an amount equal to Inland's Excess Annual Requirements plus the Empire Equity Tonnage, in each case for such Contract Year, and if Inland exercises its rights to "cover" in accordance with the foregoing sentence, then [* * * *] for such Contract Year [* * * *]. The [* * * *] shall be applied in full against the next payment then due under Section 7(a)(ii) (and, if such reduction is larger than such payment, against the next succeeding payments due under Section 7(a)(ii) until such [* * * *] is recouped in full, with any unrecouped amounts still outstanding at the end of the term of this Agreement to be paid in full by Cliffs at that time). In the event that the [* * * *] is triggered and Inland proceeds to cover in the manner permitted by this Section 2(b) and to recover damages from Cliffs on account thereof, the expenses saved referred to in the fourth sentence of this Section 2(b) shall include the amount by which the [* * * *] has been reduced, as long as the Supply Shortfall does not exceed [* * * *] with respect to the first [* * * *] hereunder, [* * * *] for the second [* * * *] hereunder, and [* * * *] for any additional [* * * *] hereunder.

3. SOURCING

(a) Cliffs shall initially supply Inland with pellets produced at the Partnership's iron ore pellet plant ("EMPIRE STANDARD PELLETS", "EMPIRE ROYAL PELLETS" and "EMPIRE VICEROY PELLETS", as the case may be; and, collectively, "EMPIRE PELLETS") located in Palmer, Michigan (the "EMPIRE PLANT").

(b) As long as Cliffs continues as a participant in the Wabush Mines Joint

Venture, Inland may change pellet sourcing, for up to [* * * *] tons of pellets annually, from Empire Pellets to pellets produced at the Wabush Mines Joint Venture iron ore pellet plant ("WABUSH 2% MN STANDARD PELLETS," "WABUSH 2% MN FLUX PELLETS," "WABUSH 1% MN STANDARD PELLETS" and "WABUSH 1% MN FLUX PELLETS," as the case may be; and, collectively, "WABUSH PELLETS") located in Pointe Noire, Quebec (the "WABUSH PLANT").

(c) Cliffs may change pellet sourcing from Empire Standard Pellets to standard pellets from other sources controlled or managed by Cliffs, provided such pellets are of a quality comparable to that required for Empire Standard Pellets hereunder ("OTHER CLIFFS STANDARD PELLETS"). If Cliffs desires to provide Inland with Other Cliffs Standard Pellets, Cliffs shall give Inland not less than three months' prior notice, and then may make such change provided that Inland has had a reasonable opportunity to purge its stockpile of conflicting grades of pellets.

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

(d) In the event that Empire Pellets are no longer being produced at the Empire Plant due to a permanent shutdown or a long-term (defined as not less than 2 years) idle period (an "EMPIRE SHUTDOWN"), Cliffs shall provide one year's advance notice thereof and shall use commercially reasonable efforts to identify one or more alternative sources of fluxed pellets ("OTHER CLIFFS FLUXED PELLETS") and Other Cliffs Standard Pellets to be supplied by Cliffs.

(i) In the event that, at least 90 days prior to the Empire Shutdown, Cliffs establishes that it can supply Other Cliffs Pellets having the grades and specifications in chemical and physical structure described in Exhibit 3(d) attached hereto and identified as Key OCFP Specs (the "KEY OCFP SPECS") from one or more sources, excluding Tilden Hematite Pellets (being those pellets produced at the Tilden Mining Company L.C. iron ore pellet plant located in Tilden, Michigan), and the quantity of Wabush Pellets being limited to Inland's requirements for Wabush Pellets (it being understood that Cliffs shall limit sources to no more than two sources per pellet grade type and that Inland shall not be obligated to use more pellet sources than is commercially reasonable from a logistical standpoint), then (A) Cliffs shall offer for sale and delivery, and Inland may, at its option, purchase and receive, such Other Cliffs Fluxed Pellets and/or Other Cliffs Standard Pellets, as the case may be, in substitution for Empire Royal Pellets, Empire Viceroy Pellets or Empire Standard Pellets, as the case may be, hereunder, (B) Inland shall notify Cliffs within 90 days of Cliffs' offering such Other Cliffs Fluxed Pellets and/or such other Cliffs Standard Pellets of the quantities of each such Pellet grade that Inland elects to purchase and receive, (C) to the extent that Inland elects to purchase and receive such Other Cliffs Pellets, without limitation of the obligation to meet the Key OCFP Specs or the grade and quality specifications set forth in Section 3(c), Cliffs shall use commercially reasonable efforts to ensure that Other Cliffs Fluxed Pellets and/or Other Cliffs Standard Pellets, as the case may be, meet the specifications described in Exhibit 3(d) attached hereto that are identified as Secondary OCFP Specs (the "SECONDARY OCFP SPECIFICATIONS"), [* * * *].

(ii) In the event that, within 90 days of the Empire Shutdown, Cliffs cannot establish that it can supply the Other Cliffs Pellets meeting the Key OCFP Specs, then either party may immediately terminate this Agreement by written notice to the other party, in which case each party's obligations under this Agreement shall immediately terminate (including, without limitation, Inland's obligation to pay any [* * * *] and such termination of this Agreement shall be without further recourse to either party; provided, however, that Inland may take possession of all Cliffs Pellets for which payment under Section 7(a)(i) has been made and Cliffs shall deliver such pellets.

With respect to all Other Cliffs Pellets, pellet cooling, stockpiling, and dust suppression practices will be optimized on a commercially reasonable basis to avoid excessive moisture content in pellets. Within the one-year notice period applicable to an Empire Shutdown, Cliffs shall

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provide Inland with a reasonable opportunity to conduct a blast furnace trial not less than 90 days prior to the effective date of an Empire Shutdown on the Other Cliffs Pellets to be supplied pursuant to this Section 3(d).

4. GRADES AND QUALITY

(a) Empire Pellets shall consist of the grades and specifications and shall have the chemical and physical structure described in Exhibit A - 1 (the "GRADE AND QUALITY SPECS") attached hereto, unless otherwise mutually agreed. Cliffs will aim for the mid range of each specification, review production quality data monthly and adjust procedures where applicable to attempt to produce at the mid range of the specifications. Should Cliffs Pellets have values outside of the specification range (quantity and quality as determined by reference to such Exhibit A-1), then [* * * *]. For purposes of this Section 4(a), the terms "Empire Pellets" and "Cliffs Pellets" shall be deemed to include pellets supplied by the Partnership under the EIMP Ore Sales Agreement.

(b) Wabush Pellets to be sold hereunder shall consist of the grades and specifications, and shall have approximately the same general average chemical and physical structure, as described in Exhibit A-2, and will be in conformance with Wabush Mine cargo quality specifications as may be agreed to by the Wabush Mine owners; provided, however, that if there is a material change in such specifications, Inland may, notwithstanding any limitation contained in Section 5 hereof, adjust its Excess Annual Requirements for the then-current Contract Year with respect to Wabush Pellets. Should any cargo of Wabush Pellets sold hereunder have chemical, physical, or metallurgical properties that materially deviate from those specifications shown in Exhibit A-2 or such changes to those specifications as agreed to by the Wabush Mine owners, then Cliffs and Inland [* * * *].

(c) Whenever any material amount of Cliffs Pellets delivered hereunder is outside of the specification range (determined by reference to the Grade and Quality Specs), Cliffs shall immediately furnish Inland with an off-spec report in Inland's designated format, an example of which is attached hereto as Exhibit A-3, defining parameter, time, cause and corrective action. With respect to any Cliffs Pellets purchased and sold hereunder that have characteristics [* * * *] (determined by reference to the Grade and Quality Specs), where applicable [* * * *] in the Grade and Quality Specs). The [* * * *] referred to in the immediately preceding sentence [* * * *] (and, if such [* * * *]. With respect to any Cliffs Pellets purchased and sold hereunder that have characteristics [* * * *], determined by reference to the Grade and Quality Specs [* * * *], Inland shall (i) [* * * *] for consumption in an Indiana Harbor Plant blast furnace, and/or (ii) determine (A) which of any such [* * * *] or (B) which of any such [* * * *], in either such case, Inland will supply notice to Cliffs within 15 days of the shipment date as to the [* * * *] shall be (including, without limitation, for purposes of [* * * *] hereof), and Inland shall [* * * *] in the Grade and Quality Specs) that is equal to [* * * *]. Any [* * * *] shall count towards Inland's minimum purchase requirements contained in Section 2(a) hereof. For purposes of this Section 4(c), the term "Cliffs Pellets" shall be deemed to include pellets supplied by the Partnership under the EIMP Ore Sales Agreement.

(d) During the term of this Agreement and for all subsequent extensions pursuant to Section 18, Cliffs shall (and shall cause the Partnership to) make a good faith effort to comply

with Inland requests for pellet quality improvement or development recommendations. The costs of such efforts or changes shall be allocated between the parties as mutually agreed.

5. NOTIFICATION AND NOMINATION

(a) With respect to the tonnage of Cliffs Pellets to be purchased by Inland for each of the Contract Years 2003 through 2014, inclusive, as provided for in Section 2(a), on or before October 31 (excluding the Contract Year 2003 which has been provided for in Section 5(e)) of each of the Contract Years prior to the Contract Years above, Inland shall notify Cliffs in writing of: (i) Inland's initial preliminary total annual pellet tonnage requirements, (ii) Inland's initial preliminary Excess Annual Requirements plus the Empire Equity Tonnage, and (iii) Inland's initial preliminary tonnages of each of the grades of ore nominated by Inland under the preceding clause (i).

(b) With respect to the tonnage of Cliffs Pellets to be purchased by Inland for each of the Contract Years 2003 through 2014, inclusive (except as

otherwise provided in Section 5(e) hereof), as provided for in Section 2(a), and during the period October 31 through November 30 of each of the Contract Years prior to the remaining Contract Years above, Inland and Cliffs shall meet, as needed, to discuss: (i) Inland's preliminary total annual pellet tonnage requirements; (ii) Inland's preliminary Excess Annual Requirements plus the Empire Equity Tonnage; (iii) the preliminary tonnages and grades of Cliffs Pellets which Cliffs is required to sell and Inland is required to purchase pursuant to the terms of Sections 2(a) and 2(b) above; and (iv) a preliminary delivery schedule by ore grade for each month of the following Contract Year. Such matters shall be reduced to writing and exchanged by the parties with Inland confirming its preliminary Excess Annual Requirements by November 30 of each such Contract Year. If Inland's preliminary Excess Annual Requirements, when added with its Empire Equity Tonnage, exceed [* * * *] tons, Cliffs may, by notice to Inland but in any case subject to its obligations to use commercially reasonable efforts pursuant to Section 2(b) hereof, notify Inland of its inability (and the extent of such inability) to deliver such excess amount of Cliffs Pellets (the "SHORTFALL NOTICE"). If Cliffs delivers a Shortfall Notice, Inland may, notwithstanding anything to the contrary herein, obtain the amount designated in the Shortfall Notice from other suppliers. If no Shortfall Notice is received by November 30, Cliffs shall be deemed to have agreed hereunder to supply the full amount of Inland's Excess Annual Requirements plus Inland's Empire Equity Tonnage (including any amount in excess of [* * * *] tons).

(c) (i) With respect to the notification of Inland's preliminary Excess Annual Requirements of Cliffs Pellets as provided for in Sections 5(a) and 5(b) above, on or before March 15 of the then current Contract Year of the purchase and sale, Inland may, by written notification to Cliffs, adjust its preliminary Excess Annual Requirements by tonnage for the then current Contract Year either up, or by not more than [* * * *] of the total of Empire Equity Tonnage and Excess Annual Requirements down. If Inland increases its preliminary Excess Annual Requirements for the then current Contract Year, any such increase must be approved by Cliffs, and on or before March 31, Cliffs shall notify Inland as to whether or not Cliffs agrees to such increase or any part thereof. In the event Cliffs does not agree to such increase or any part thereof, Inland may, notwithstanding anything to the contrary herein, obtain the increased amount from other suppliers. If, by March 15 of the then current Contract Year, Inland shall have adjusted its preliminary Excess Annual Requirements, either up or down (with any

increased adjustment having been agreed to by Cliffs), then such adjusted Excess Annual Requirements by pellet grade (subject to Section 5(d)) and tonnage shall be deemed Inland's final Excess Annual Requirements for such Contract Year, and Inland shall be obligated to purchase and Cliffs shall be obligated to sell such tonnage of Cliffs Pellets in accordance with such final Excess Annual Requirements.

(ii) If, however, Inland has not adjusted its preliminary Excess Annual Requirements as provided for in Section 5(c)(i), then on or before May 15 of the then current Contract Year of the purchase and sale, Inland may, by written notification to Cliffs, adjust its preliminary Excess Annual Requirements by tonnage for the then current Contract Year either up, or by not more than [* * * *] of the total of Empire Equity Tonnage and Excess Annual Requirements down. If Inland increases its preliminary Excess Annual Requirements for the then current Contract Year, any such increase must be approved by Cliffs, and on or before May 31, Cliffs shall notify Inland as to whether or not Cliffs agrees to such increase or any part thereof. In the event Cliffs does not agree to such increase or any part thereof, Inland may, notwithstanding anything to the contrary herein, obtain the increased amount from other suppliers. If, by May 15 of the then current CONTRACT Year, Inland shall have adjusted its preliminary Excess Annual Requirements, either up or down (with any increased adjustment having been agreed to by Cliffs), then such adjusted Excess Annual Requirements by pellet grade (subject to Section 5(d)) and tonnage shall be deemed to be Inland's final Excess Annual Requirements for such Contract Year, and Inland shall be obligated to purchase, and Cliffs shall be obligated to sell, such tonnage of Cliffs Pellets in accordance with such final Excess Annual Requirements.

(iii) If, however, Inland has not adjusted its preliminary Excess Annual Requirements as provided for in Section 5(c)(i) or 5(c)(ii), then on or before July 15 of the then current Contract Year of the purchase and sale, Inland may, by written notification to Cliffs, adjust its preliminary Excess Annual Requirements by tonnage for the then current Contract Year

either up, or by not more than [* * * *] of the total of Empire Equity Tonnage and Excess Annual Requirements down. If Inland increases its preliminary Excess Annual Requirements for the then current Contract Year, any such increase must be approved by Cliffs, and on or before July 31, Cliffs shall notify Inland as to whether or not Cliffs agrees to such increase or any part thereof. In the event Cliffs does not agree to such increase or any part thereof, Inland may, notwithstanding anything to the contrary herein, obtain the increased amount from other suppliers. If, by July 15 of the then current Contract Year, Inland shall have adjusted its preliminary Excess Annual Requirements, either up or down (with any increased adjustment having been agreed to by Cliffs), then such adjusted Excess Annual Requirements by pellet grade (subject to Section 5(d)) and tonnage shall be deemed to be Inland's final Excess Annual Requirements for such Contract Year, and Inland shall be obligated to purchase, and

Cliffs shall be obligated to sell, such tonnage of Cliffs Pellets in accordance with such final Excess Annual Requirements.

(iv) If no adjustment is made on or before July 15, then the preliminary Excess Annual Requirements by pellet grade (subject to Section 5(d)) and tonnage for the then current Contract Year shall be deemed to be Inland's final Excess Annual Requirements for such Contract Year, and Inland shall be obligated to purchase, and Cliffs shall be obligated to sell, such tonnage of Cliffs Pellets in accordance with such preliminary Excess Annual Requirements.

(d) At any time during the Contract Year, Inland may request an adjustment in the allocation among pellet grades of pellets provided by Cliffs hereunder and by the Partnership under the EIMP Ore Sales Agreement, and Cliffs shall (and shall cause the Partnership to) use commercially reasonable efforts to accommodate such request. Cliffs shall not produce tonnage in a grade designated for Inland more than three months ahead of when the grade should be available for Inland.

(e) During the Contract Year 2003, Cliffs shall sell and deliver and Inland shall purchase and receive from Cliffs hereunder and the Partnership under the EIMP Ore Sales Agreement and pay for a tonnage of Cliffs Pellets, including for purposes of this Section 5(e) pellets within the Empire Equity Tonnage, of such grades and qualities as set forth in Exhibit 5(e) subject to the delivery schedule set forth in Exhibit 5(e).

6. PRICE AND ADJUSTMENTS

(a) In each Contract Year the price paid for the Cliffs Pellets purchased and sold hereunder shall be determined as follows:

(i) First, taking each kind of Basic Cliffs Pellets separately, the price per iron unit shall be determined as provided in Section 6(b).

(ii) Second, the price per iron unit for any kind(s) of Other Cliffs Pellets shall be determined as provided in Section 6(c).

(b) (i) Empire Pellets shall have the following base price per iron unit ("BASE PRICE PER IRON UNIT") for the [* * * *]:

<TABLE>
<CAPTION>

Pellet	f.o.b.	Base Price per Iron Unit
<S>	<C>	<C>
Empire Standard	[* * * *]	[* * * *]
Empire Royal	[* * * *]	[* * * *]
Empire Viceroy	[* * * *]	[* * * *]

</TABLE>

(ii) In addition to the foregoing Base Price per Iron Unit for Empire Pellets, for the [* * * *], in the case of Empire Royal Pellets and Empire Viceroy

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Pellets, the following flux charge per ton ("FLUX CHARGE PER TON") shall be added:

	Flux Charge per Ton
Empire Royal	[* * * *]
Empire Viceroy	[* * * *]

(iii) For the [* * * *], inclusive, the Base Price per Iron Unit for each of the Empire Pellets, f.o.b. [* * * *], shall be determined by multiplying the applicable Base Price Multiplier below by the Composite Index for the Contract Year in determination:

Pellet	f.o.b.	Base Price per Iron Unit
Empire Standard	[* * * *]	[* * * *]
Empire Royal	[* * * *]	[* * * *]
Empire Viceroy	[* * * *]	[* * * *]

(iv) In addition to the foregoing Base Price per Iron Unit for Empire Pellets, for the [* * * *], inclusive, in the case of Empire Royal Pellets and Empire Viceroy Pellets, the following Flux Charge per Ton, determined by multiplying the applicable flux charge multiplier by the Flux Composite Index for the Contract Year in determination, shall be added:

	Flux Charge per Ton
Empire Royal	[* * * *]
Empire Viceroy	[* * * *]

(v) Wabush Pellets shall have the following Base Price per Iron Unit for the [* * * *]:

Pellet	f.o.b.	Base Price per Iron Unit
Wabush 2% Mn Standard	Vessel at Pointe Noire	[* * * *]
Wabush 2% Mn Flux	Vessel at Pointe Noire	[* * * *]
Wabush 1% Mn Standard	Vessel at Pointe Noire	[* * * *]
Wabush 1% Mn Flux	Vessel at Pointe Noire	[* * * *]

(vi) For the [* * * *], inclusive, the Base Price per Iron Unit for each of the Wabush Pellets, f.o.b. vessel, shall be determined by multiplying the

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[* * * *] Base Price per Iron Unit by the Composite Index for the Contract Year in determination.

(c) If in any Contract Year Cliffs supplies any Other Cliffs Pellets to Inland, the price per iron unit for such kind(s) of Other Cliffs Pellets shall be that price per iron unit that, after taking into account the difference, if any, in transportation costs to Inland (transportation costs shall be calculated by reference to the actual incremental increase in transportation costs based on Inland models and shall be certified by Inland), results in the same average cost per iron unit (including transportation costs) delivered to the Indiana Harbor Plant as the average cost per iron unit (including transportation costs) delivered to the Indiana Harbor Plant would be if the entire Excess Annual Requirements were provided from the Empire Plant f.o.b. vessel at Escanaba.

(d) [* * * *]

(e) [* * * *]

(i) [* * * *]

(A) [* * * *].

(B) [* * * *].

(ii) [* * * *].

(A) [* * * *].

(B) [* * * *].

(C) [* * * *].

(D) [* * * *].

(iii) [* * * *].

(iv) [* * * *].

(v) The rights of the parties under Section 14.8 of the Partnership Agreement shall not be exclusive of any other rights that they may have with respect to the subject matter of such Section.

(f) Attached as Exhibit B is an example of the application of the provisions of this Section 6, other than Section 6(e).

7. PAYMENTS AND ADJUSTMENTS

(a) Subject to adjustment as provided in Sections 7(b) and 7(c), and subject further to the Omnibus Agreement, Inland shall pay Cliffs [* * * *] of each month (or if such day is not a Business Day, the Alternative Day), an amount equal to (i) commencing as of [* * * *] 2003, [* * * *] of the total cost of all of the tons of the various kinds of Cliffs Pellets to be supplied to

meet Inland's Excess Annual Requirements for such Contract Year, to be determined in each case by multiplying such Excess Annual Requirements by the Expected Iron Content and the Base Price per Iron Unit, plus the appropriate Flux Charge per Ton, [* * * *]. Except as otherwise provided herein, the payments required to be made by Inland pursuant to Section 7(a)(ii) shall be made by Inland during the initial term of this Agreement [* * * *].

(b) The payments provided for in Section 7(a)(i) shall be adjusted as follows:

(i) In the event of any adjustment to the Excess Annual Requirements pursuant to Section 5(b), any payments to be made pursuant to Section 7(a)(i) after such adjustment shall be increased or decreased so that such payments will be equal in amount.

(ii) Beginning in [* * * *], not later than June 15 of each Contract Year, Cliffs shall prepare and certify to Inland (x) Cliffs' calculation of the Composite Index and the Flux Composite Index for such Contract Year, (y) Cliffs' recalculation of the Base Price per Iron Unit and Flux Charge per Ton for each kind of Cliffs Pellets, based thereon, and (z) the amount of the difference between the amount previously paid for Cliffs Pellets during the Contract Year and the amount that would have been paid had such adjusted Composite Index and Flux Composite Index been in effect from the beginning of the Contract Year. All subsequent payments to be made under Section 7(a)(i) shall be adjusted to reflect the

revised Base Price per Iron Unit and Flux Charge per Ton, and the next such payment shall be adjusted by the amount specified in clause (z) above. For purposes of this Section 7(b)(ii), the term "Cliffs Pellets" shall be deemed to include pellets supplied by the Partnership under the EIMP Ore Sales Agreement.

(c) In addition to the adjustments to be made pursuant to Section 7(b), not later than January 31 of each Contract Year, Cliffs shall prepare and certify to Inland: (x) Cliffs' calculation of the actual tonnage of each kind of Cliffs Pellets and any variance from tonnage forecast to be delivered to satisfy Inland's Excess Annual Requirements, in each case for the prior Contract Year; (y) the actual iron units in each kind of Cliffs Pellets, and any variance from the Expected Iron Content expected therefore, in each case for the prior Contract Year; and (z) the amount due from Cliffs to Inland, or vice versa, to adjust to correct for all of the variances in clauses (x) and (y) for the prior Contract Year. The payment due pursuant to Section 7(a)(i) next occurring after January 31 shall be adjusted by the amount specified in clause (z).

(d) All payments shall be made by wire transfer of immediately available funds according to such instructions as Cliffs may from time to time provide, and shall be made in U.S. dollars.

(e) In the event Inland purchases Cliffs Pellets required to be purchased under this Agreement in advance of the required date for such purchase, during the 12-month period following the date of such purchase Inland shall be entitled to defer a subsequent required purchase of Cliffs Pellets having an aggregate price equal to the aggregate price of the Cliffs

Pellets purchased in advance for the same number of days as the advance purchase was in advance of its required date. Purchases of Cliffs Pellets required under this Agreement which are made in advance in January of any Contract Year shall be counted as purchases of Cliffs Pellets for purposes of Inland's Excess Annual Requirements for the next following Contract Year.

(f) In the event Inland shall fail to make payment when due of any amounts (other than amounts disputed in good faith by Inland), Cliffs, in addition to all other remedies available to Cliffs in law or in equity, shall have the right, but not the obligation, to withhold further performance by Cliffs under this Agreement until all claims Cliffs may have against Inland under this Agreement are fully satisfied.

(g) Exhibit B illustrates the operation of the provisions of this Section 7.

8. SHIPMENTS AND DELIVERY

(a) Cliffs and Inland will agree on a mutually acceptable delivery schedule for each Contract Year prior to December 1 of the preceding Contract Year and Cliffs shall make pellets available hereunder in accordance with such schedule. Such schedule must be established to match both Inland's blast furnace requirements and Cliffs' pellet availability and will include monthly shipment tonnage by grade. Cliffs and Inland will balance the delivery schedule by pellet source and type so that monthly shipments will be relatively equal over the Contract Year, considering winter shipping restrictions and production schedules to the locations designated in Section 8(b) below. Cliffs and Inland recognize that changes in schedule will occur as provided in Section 5, and will use commercially reasonable efforts to accommodate such changes. For purposes of this Section 8(a), the term "pellets" shall be deemed to include pellets supplied by the Partnership under the EIMP Ore Sales Agreement.

(b) Deliveries shall be made as follows:

(i) Deliveries of Empire Pellets shall be made by Cliffs to Inland f.o.b. [* * * *], and title and all risk of loss (other than loss associated with shrinkage and, pellet handling and care in the ordinary course in the stockpile at such Dock), damage or destruction shall pass to Inland at the time that payment is received for such delivery of such Pellets (For purposes of this Section 8(b)(i), the term "Empire Pellets" shall be deemed to include pellets supplied by the Partnership under the EIMP Ore Sales Agreement.);

(ii) Deliveries of Wabush Pellets shall be made by Cliffs to Inland f.o.b. vessel, Port of Pointe Noire, Quebec, or stockpiled at Wabush Dock in Pointe Noire, Quebec, and title and all risk of loss (other than loss associated with shrinkage and, pellet handling and care in the ordinary course in the stockpile at

such Dock), damage or destruction shall pass to Inland at the time that payment is received for such delivery of such Pellets; and

(iii) Deliveries of Other Cliffs Pellets shall be made by Cliffs to Inland f.o.b. [* * * *], and title and all risk of loss (other than loss associated with

shrinkage and, pellet handling and care in the ordinary course in the stockpile at such locations), damage or destruction shall pass to Inland at the time that payment is received for such delivery of such Pellets;

provided, however, that Inland shall not be entitled to take delivery or possession of any Cliffs Pellets until Cliffs shall have received payment for such Pellets.

9. WEIGHTS

Vessel bill of lading weight determined by railroad scale weights or belt scale weights, certified in accordance with standard commercial practices, in accordance with the procedures in effect from time to time at each of the loading ports (which shall be reasonably acceptable to Inland), shall be accepted by the parties as determining the amount of Cliffs Pellets delivered to Inland pursuant to this Agreement. The weighing devices shall be regularly tested, verified, certified, and maintained. For those scale weights or belt scale weights Cliffs operates, Cliffs shall maintain records of certification, which shall be made available from time to time to Inland for review and audit. In all other cases, Cliffs shall use commercially reasonable efforts, upon the request of Inland, to obtain from those third parties operating the scale weights and/or belt weights, proof of certification.

10. EMPLOYMENT OF VESSELS

Inland assumes the obligation for arranging and providing appropriate vessels for the transportation of the Cliffs Pellets delivered by Cliffs to Inland hereunder. Inland shall arrange and provide for all vessel shipments, ore carrier or bulk carrier type vessels suitable in all respects to enter, berth at and leave the loading ports and suitable for the loading and mooring facilities at the loading ports. If Cliffs supplies any Other Cliffs Pellets hereunder, Inland shall (i) use all commercially reasonable efforts to obtain the best possible price and other terms for transportation of such Other Cliffs Pellets, and (ii) certify the use of such efforts, and the prices obtained for such transportation, to Cliffs at the end of each year. Any transportation price information supplied to Cliffs by Inland pursuant to this Section 10 shall be kept confidential. Cliffs shall provide Inland with a reasonable opportunity to bid for the supply of transportation services in connection with the delivery of flux stone to the Empire Mine. For purposes of this Section 10, the term "Cliffs Pellets" shall be deemed to include pellets supplied by the Partnership under the EIMP Ore Sales Agreement.

11. SAMPLING AND TESTING PROCEDURES

(a) All pellet sampling procedures and analytical tests conducted on Cliffs Pellets sold to Inland to demonstrate compliance with the Grade and Quality Specs specified in Section 4 shall be performed by Cliffs at the loading point on each pellet vessel shipment or train shipment, as the case may be. Cliffs shall retain a split of each sample of whole pellets for 90 days and will retain a ground pulp sample for chemical analysis for one year (the "SAMPLES"). Test methods to be used shall be the appropriate ASTM or ISO standard methods published at the time of testing or any other procedures and practices that may be mutually agreed to by Cliffs and Inland. Inland may, at any time and from time to time through one or more authorized representatives, be present during production, loading, or to observe sampling and analysis of

pellets being processed for shipment to Inland. In the case of a dispute between Inland and Cliffs as to pellet analyses, a mutually agreed upon ISO 17025 certified (or such future certification standard as may replace ISO 17025) laboratory (the "LAB") shall be utilized to resolve the dispute. Notwithstanding Section 15 hereof, the Lab shall act as the final arbiter of all disputes related to pellet sampling and analysis. The party found to be in error (or if both parties are in error, both parties) shall bear the cost of the Lab.

(b) If a daily measurement shows a [* * * *] with respect to any Cliffs Pellets for the previous day, Cliffs will [* * * *]. Cliffs will use its best efforts to [* * * *] and Inland will [* * * *] at the mine.

12. REPRESENTATIONS AND WARRANTIES

(a) Inland represents and warrants to, and agrees with, Cliffs that the execution and delivery of this Agreement by Inland, and its consummation of the transactions contemplated hereby, have been duly authorized in accordance with all applicable laws and the certificate of incorporation and bylaws of Inland, and no further corporate action is necessary on the part of Inland to make this Agreement valid and binding on Inland and enforceable against Inland in accordance with its terms. The execution and delivery of this Agreement by Inland, and its consummation of the transactions contemplated hereby, (a) are not contrary to the certificate of incorporation or bylaws of Inland, (b) do not now and will not, with the passage of time, the giving of notice or otherwise, result in a violation or breach of, or constitute a default under, any term or provision of any indenture, mortgage, deed of trust, lease, instrument, order, judgment, decree, rule, regulation, law, contract, agreement or any other restriction to which Inland is a party or to which Inland or any of its assets is subject or bound, and (c) will not result in any acceleration or termination of any loan or security interest agreement to which Inland is a party or to or by which Inland or any of its assets is subject or bound; provided, however that no representation or warranty is being made regarding the validity or enforceability of Section 18(b).

(b) Cliffs represents and warrants to, and agrees with, Inland that the execution and delivery of this Agreement by Cliffs, and its consummation of the transactions contemplated hereby, have been duly authorized in accordance with all applicable laws and the articles of incorporation and bylaws of Cliffs, and no further corporate action is necessary on the part of Cliffs to make this Agreement valid and binding on Cliffs and enforceable against Cliffs in accordance with its terms. The execution and delivery of this Agreement by Cliffs, and its consummation of the transactions contemplated hereby, (a) are not contrary to the articles of incorporation or bylaws of Cliffs, (b) do not now and will not, with the passage of time, the giving of notice or otherwise, result in a violation or breach of, or constitute a default under, any term or provision of any indenture, mortgage, deed of trust, lease, instrument, order, judgment, decree, rule, regulation, law, contract, agreement or any other restriction to which Cliffs is a party or to which Cliffs or any of its assets is subject or bound, and (c) will not result in any acceleration or termination of any loan or security interest agreement to which Cliffs is a party or to or by which Cliffs or any of its assets is subject or bound; provided, however that no representation or warranty is being made regarding the validity or enforceability of Section 18(b).

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(c) OTHER THAN AS SPECIFICALLY SET FORTH ELSEWHERE HEREIN (OR ANY EXHIBIT OR SCHEDULE ATTACHED HERETO OR OTHER DOCUMENT REFERENCED HEREIN), CLIFFS MAKES NO, AND HEREBY DISCLAIMS AND EXCLUDES ANY, EXPRESS OR IMPLIED WARRANTIES INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY, OF FITNESS, OR OF FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO ALL CLIFFS PELLETS. WITH RESPECT TO SUCH WARRANTIES THAT ARE SPECIFICALLY SET FORTH HEREIN AND FOR WHICH A CORRESPONDING REMEDY IS HEREIN PROVIDED, SUCH REMEDY SHALL BE THE SOLE AND EXCLUSIVE REMEDY FOR THE BREACH OR INACCURACY OF SUCH WARRANTY.

(d) All claims for material variance in quality of the Cliffs Pellets from the quality described herein shall be deemed waived unless made in writing delivered to Cliffs within sixty (60) calendar days after completion of discharge at port of discharge. No claim will be entertained after the Cliffs Pellets have been consumed unless it can be substantiated by the Sample corresponding to those Cliffs Pellets. Each party shall afford the other party prompt and reasonable opportunity to inspect the Cliffs Pellets as to which any claim is made as above stated. The Cliffs Pellets shall not be returned to Cliffs without prior written consent of Cliffs. CLIFFS SHALL NOT BE LIABLE FOR ANY DAMAGE TO INLAND'S PROPERTY OR LOST PROFITS, INJURY TO GOOD WILL OR ANY OTHER SPECIAL OR CONSEQUENTIAL DAMAGES.

13. [* * * *].

14. COVENANTS

During the term of this Agreement, Inland shall not: (a) purchase Cliffs Pellets pursuant to this Agreement with the specific intent to resell such pellets; or (b) sell, lease or otherwise transfer title or the right to use the Indiana Harbor Plant (including, without limitation, its blast furnaces), or any material portion thereof, to any Person, or merge, consolidate or reorganize with any Person unless that Person assumes in writing this Agreement and all of Inland's obligations hereunder.

15. ARBITRATION

(a) Upon notice by either party to the other, all disputes, claims, questions or disagreements arising out or relating to this Agreement or breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this Agreement to arbitrate, shall, except as provided in Section 11(a) hereof, be determined by arbitration administered by the American Arbitration Association in accordance with the provisions of its Commercial Arbitration Rules, modified as follows:

(i) the place of arbitration shall be Cleveland, Ohio;

(ii) Unless the parties consent in writing to a lesser number, the arbitration proceedings shall be conducted before a panel of three neutral arbitrators, one to be appointed by Cliffs; one to be appointed by Inland, and third to be selected by the two arbitrators. None of the arbitrators shall be an

employee, officer, director or consultant of, or of a direct competitor of, Inland or Cliffs;

(iii) consistent with the expedited nature of arbitration, each party will, upon the written request of the other party, promptly provide the other with copies of documents on which the producing party may rely or otherwise which may be relevant in support of or in opposition to any claim or defense; any dispute regarding discovery, or the relevance or scope thereof, shall be determined by the arbitrators, which determination shall be conclusive; and all discovery shall be completed within 45 days following the appointment of the arbitrators;

(iv) in connection with any arbitration arising out of Section [* * * *], each of Cliffs and Inland shall have the right to submit information to the arbitrators to be held in confidence by them and not disclosed to the other party (or any other person); provided, however, that: (A) the party providing such information shall certify its accuracy to the best of its actual knowledge; and (B) such information shall be made available to counsel for the other party upon delivery by such counsel of its undertaking to hold the information (either in the form provided or in any other form) in confidence and not to disclose it to its client, or any other person (other than the arbitrators)

(v) in connection with any arbitration arising out of Section [* * * *]: (A) before making their determination in any matter, the arbitrators must request from each of the parties a complete statement of its proposed resolution of such matter, and the arbitrators shall select between the two proposed resolutions, without making any alteration to either of them (or if either party does not submit a proposed resolution, or submits one that is materially incomplete, shall select the proposed resolution of the other party); and (B) the arbitrators shall be limited to awarding only one or the other proposed resolution;

(vi) in connection any arbitration arising out of this Agreement, the arbitrators shall have no authority to alter, amend, or modify any of the terms and conditions of this Agreement, and further, the arbitrators may not enter any award that alters, amends or modifies terms or conditions of this Agreement in any form or manner;

(vii) the award or decision shall be made within nine months of the filing of the notice of intention to arbitrate, and the arbitrators shall agree to comply with this schedule before accepting appointment; provided, however, that this time limit may be extended by written agreement signed by both parties or by the arbitrators, if necessary; and

(viii) in connection with any arbitration arising out of Section [* * * * *], the costs of the arbitrators shall be borne entirely by the party that did not

prevail; and in connection with any other arbitration related to this Agreement, each party shall be responsible for its own costs and expenses, and the parties will equally split the cost of conducting the arbitration itself.

(b) The judgment of the arbitrators shall be final and binding on the parties, and judgment upon the award rendered by the arbitrators may be entered and enforced by any court of the United States or any state thereof.

16. FORCE MAJEURE

(a) Notwithstanding anything in this Agreement to the contrary, no party hereto shall be liable for damages resulting from failure to deliver or accept and pay for all or any of the Cliffs Pellets as described herein, if and to the extent that such delivery or acceptance would be contrary to or would constitute a violation of any regulation, order or requirement of a recognized governmental body or agency, or if such failure, including (a) failure of the mines supplying the Cliffs Pellets to be delivered under this Agreement to produce the Cliffs Pellets, or (b) failure of Inland's facilities to produce steel, is caused by or results directly or indirectly from acts of God, war, insurrections, interference by foreign powers, acts of terrorism, strikes, hindrances, labor disputes, labor shortages, fires, flood, embargoes, accidents or delays at the mines, on the railroads or docks or in transit, shortage of transportation facilities, disasters of navigation, or other causes, similar or dissimilar, if such other causes are beyond the control of the party charged with a failure to deliver or to accept and pay for the Cliffs Pellets. The inability to use Cliffs Pellets as a result of any of the foregoing causes shall also be a force majeure event under this Section, allowing Inland to fail to accept Cliffs Pellets to the extent of such force majeure event, pro rata, with all other sources of pellets for the Indiana Harbor Plant. To the extent a force majeure is claimed hereunder by a party hereto, such shall relieve the other party from fulfilling its corresponding agreement hereunder to the party claiming such force majeure, but only for the period and to the extent of the claimed force majeure, except as provided in Section 16(b) or unless otherwise mutually agreed to by the parties.

(b) If an event of force majeure is claimed by Cliffs, Inland shall be obligated to make the payments required by Section [* * * *] and Section [* * * *] following the date that Cliffs claimed such event of force majeure; provided, however, that upon any termination of such event of force majeure [* * * *] after the date that Cliffs claimed the event of force majeure, Inland shall continue to be obligated to make the payments required by Section [* * * *] and Section [* * * *] from the date of such termination. In addition to the foregoing, if Cliffs is able to offer for sale Other Cliffs Pellets in accordance with Section [* * * *], then Inland shall be obligated to [* * * *] under such Section [* * * *]. If the event of force majeure claimed by Cliffs continues for [* * * *] consecutive months or longer, which event covers the supply of substantially all of Inland's Excess Annual Requirements (including, for these purposes, the Empire Equity Tonnage) and Cliffs is not able to offer for sale Other Cliffs Pellets in accordance with Section [* * * *], then either Cliffs or Inland may terminate this Agreement by written notice to the other. To the extent that, pursuant to this Section, Cliffs offers for sale pellets pursuant to Section [* * * *], the parties acknowledge and agree that the [* * * *] shall be subject to reduction in accordance with Section [* * * *].

17. NOTICES

All notices, consents, reports and other documents authorized and required to be given pursuant to this Agreement shall be given in writing and either personally served on an officer of the party hereto to whom it is given, or sent by recognized overnight delivery service, mailed by registered or certified mail, postage prepaid, or by facsimile, addressed as follows:

If to CCIC or CMC:

1100 Superior Avenue - 15th Floor
Cleveland, Ohio 44114-2589
Attention: Secretary
Facsimile: (216) 694-6741
cc: Vice President-Sales
Facsimile: (216) 694-5385

If to Inland:

3210 Watling Street
East Chicago, Indiana 46312
Attention: General Counsel
Facsimile: (219) 399-4267

Attention: Manager Raw Materials and Purchasing
Facsimile: (219) 399-5505

; provided, however, that any party may change the address to which notices or other communications to it shall be sent by giving to the other party written notice of such change, in which case notices and other communications to the party giving the notice of the change of address shall not be deemed to have been sufficiently given or delivered unless addressed to it at the new address as stated in said notice.

18. TERM

(a) The term of this Agreement shall commence as of 12:01 a.m. on January 1, 2003 and continue through January 31, 2015 unless the term is ended earlier pursuant to Section 18(b) hereof. The term of this Agreement shall be automatically extended annually for one Contract Year starting February 1, 2015 unless either Cliffs or Inland gives notice of termination at least 24 months prior to the commencement of any automatic 12-month extension or the term is ended earlier pursuant to Section 18(b). This Agreement shall remain valid and fully enforceable for the fulfillment of obligations accrued but undischarged prior to expiration of the term or earlier termination.

(b) This Agreement may be terminated at any time prior to its termination pursuant to Section 18(a), (i) by Inland, if any of the following shall occur with respect to any of the entities that make up Cliffs (each Cliffs entity, a "subject party" with respect to terminations by Inland), or (ii) by Cliffs, if any of the following shall occur to Inland (the "subject party" with respect to terminations by Cliffs):

(I) pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors (a "Bankruptcy Law"), a subject party shall: (i) commence a voluntary case or proceeding; (ii) consent to the entry of an order for relief against it in an involuntary case; (iii) consent to the appointment of a trustee, receiver, assignee, liquidator, or similar official; (iv) make an assignment for the benefit of its creditors; or (v) admit in writing its inability to pay its debts as they become due; or

(II) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (i) is for relief against a subject party in an involuntary case, (ii) appoints a trustee, receiver, assignee, liquidator, or similar official for the subject party or substantially all of the subject party's properties, or (iii) orders the liquidation of the subject party, and, in each case, the order or decree is not dismissed within 60 days.

19. AMENDMENT

This Agreement may not be modified or amended except by an instrument in writing signed by all parties hereto.

20. WAIVER

No waiver of any of the terms of this Agreement shall be valid unless in writing and signed by all parties hereto. No waiver or any breach of any provision hereof or default under any provisions hereof shall be deemed a waiver of any subsequent breach or default of any kind whatsoever.

21. CONFIDENTIALITY; GOVERNING LAW

(a) Cliffs and Inland acknowledge that this Agreement contains certain volume pricing, adjustment and term provisions which are confidential, proprietary or of a sensitive commercial nature and which would put Cliffs or Inland at a competitive disadvantage if disclosed to the public, specifically, Sections 1, 2, 3, 4, 6, 7 and 13, and all of the Schedules and Exhibits hereto ("CONFIDENTIAL INFORMATION"). Cliffs and Inland further agree that all provisions of this Agreement shall be kept confidential and, without the prior consent of the other party, shall not be disclosed to any party not a party to this Agreement or the legal advisor to a party to this Agreement except as required by law or governmental or judicial order and except that disclosure of the existence of this Agreement shall not be precluded by this Section 21.

(b) If either party is required by law or governmental or judicial order or receives legal process or a court or agency directive requesting or requiring disclosure of any of the Confidential Information contained in this Agreement, such party will promptly notify the other party prior to disclosure to permit such party to seek a protective order or take other appropriate action to preserve the confidentiality of such Confidential Information. If either party determines to file this Agreement with the Securities and Exchange

Commission ("COMMISSION") or any

other federal, state, provincial or local governmental or regulatory authority, or with any stock exchange or similar body, such determining party will use its best efforts to obtain confidential treatment of such Confidential Information pursuant to any applicable rule, regulation or procedure of the Commission and any applicable rule, regulation or procedure relating to confidential filings made with any such other authority or exchange. If the Commission (or any such other authority or exchange) denies such party's request for confidential treatment of such Confidential Information, such party will use its best efforts to obtain confidential treatment of the portions thereof that the other party designates. Each party will allow the other party to participate in seeking to obtain such confidential treatment for Confidential Information.

(c) This Agreement shall in all respects, including matters of construction, validity and performance, be governed by and be construed in accordance with the laws of the State of Ohio.

22. ASSIGNMENT

(a) For purposes of this Agreement, the term "Inland" includes and means not only Inland, but also any successor by merger or consolidation of Inland and any permitted assigns of Inland.

(b) In case Inland shall consolidate with or merge into another Person or shall transfer to another Person all or substantially all of its iron and steel business, this Agreement shall be assigned by Inland to, and shall be binding upon, the Person resulting from such consolidation or merger or the Person to which such transfer is made; otherwise no assignment of this Agreement by Inland shall be valid unless Cliffs shall consent in writing thereto.

(c) In case CCIC or CMC, or any permitted assign of either of them, shall consolidate with or merge into another corporation or shall transfer to another Person all or substantially all of its business, this Agreement shall be assigned by CCIC or CMC, as the case may be, to, and shall be binding upon, the corporation resulting from such consolidation or merger or the Person to which such transfer is made; otherwise, no assignment of this Agreement by CCIC or CMC, as the case may be, shall be valid unless Inland shall consent thereto in writing.

(d) All the covenants, stipulations and agreements herein contained shall inure to the benefit of and bind the parties hereto and their respective successors and permitted assigns.

23. CONFIDENTIALITY

None of the parties hereto or their Affiliates will 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 an officer of the other parties, except to the extent that the disclosing party determines in good faith that it is so obligated by law, in which case such disclosing party shall give notice to the other parties in advance of such party's intent to make such disclosure, announcement or issue such press release and the parties hereto or their affiliates shall use reasonable efforts to cause a mutually agreeable release or disclosure or announcement to be issued.

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

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their respective authorized officers.

<TABLE>
<S> <C>

THE CLEVELAND-CLIFFS IRON COMPANY

By: _____
Name: _____
Title: _____

ISPAT INLAND INC.

By: _____
Name: _____
Title: _____

CLIFFS MINING COMPANY

By:

Name:

Title:

</TABLE>

[* * * *]

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SECURITIES AND EXCHANGE COMMISSION.
ASTERISKS DENOTE SUCH OMISSIONS.

Schedule 1(e)

PELLET SALE AND PURCHASE AGREEMENT
COMPOSITE INDEX FORMULA FOR CONTRACT YEARS [* * * *]

CONTRACT YEAR'S COMPOSITE INDEX CALCULATION

[* * * *]

CONTRACT YEAR'S COMPOSITE INDEX = (A+B+C)

CONFIDENTIAL MATERIAL HAS BEEN
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SECURITIES AND EXCHANGE COMMISSION.
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Schedule 1(j)

PELLET SALE AND PURCHASE AGREEMENT
FLUX COMPOSITE INDEX FOR CONTRACT YEARS [* * * *]

CONTRACT YEAR'S FLUX COMPOSITE INDEX CALCULATION

[* * * *]

CONTRACT YEAR'S FLUX COMPOSITE INDEX = (A + B)

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ASTERISKS DENOTE SUCH OMISSIONS.

Schedule 1(s)

PELLET SALE AND PURCHASE AGREEMENT
[* * * *]

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ASTERISKS DENOTE SUCH OMISSIONS.

Schedule 13

PELLET SALE AND PURCHASE AGREEMENT

[* * * *]

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SECURITIES AND EXCHANGE COMMISSION.
ASTERISKS DENOTE SUCH OMISSIONS.

Exhibit A-1

Empire Standard Pellet Specifications

<TABLE>
<S> <C> <C> <C> <C> <C> <C> <C>
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[* * * *]

</TABLE>

Empire Royal Flux Pellet Specifications

<TABLE>
<S> <C> <C> <C> <C> <C> <C> <C>
[* * * *]

</TABLE>

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ASTERISKS DENOTE SUCH OMISSIONS.

Empire Viceroy Flux Pellet Specifications

<TABLE>
<S> <C> <C> <C> <C> <C> <C> <C>
<C>
[* * * *]

</TABLE>

NOTES:

(1) [* * * *]
(2) [* * * *]

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SECURITIES AND EXCHANGE COMMISSION.
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Exhibit A-2

Wabush Pellet Specifications

<TABLE>
<CAPTION>

	STANDARD		FLUXED	
CHEMICAL % DRY	1% MN	2% MN	1% MN	2% MN
<S>	<C>	<C>	<C>	<C>
Fe				
SiO2				

<TABLE>
Al2O3				
CaO				
MgO				
Mn	[* * * *]	[* * * *]	[* * * *]	[* * * *]
P				
S				
TiO2				
Na2O				
K2O				
CaO/SiO2				
B/A				
STRUCTURE				
% +1/2"				
% -1/2" + 3/8"				
% -3/8" + 1/4"	[* * * *]	[* * * *]	[* * * *]	[* * * *]
% -1/4"				
% -28 MESH				
AVG COMPRESSION				
LBS	[* * * *]	[* * * *]	[* * * *]	[* * * *]

</TABLE>

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Exhibit A-3

CLEVELAND CLIFFS PELLETS

EMPIRE VICEROY OFF SPECIFICATION QUALITY REPORT

Report No. _____

<TABLE>
<S> <C> <C>
Report Date _____ Location Detected _____ Date Ispat Notified _____
Reported By _____ Date Detected _____ Notified By _____
Date produced (if known)_____ Cargo (if applicable) _____
Amount Produced (if known) _____ Material Segregated? _____ If not, total material involved _____
</TABLE>

[* * * *]

Containment Plan:

Corrective Action Plan:

CONFIDENTIAL MATERIAL HAS BEEN
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ASTERISKS DENOTE SUCH OMISSIONS.

CLEVELAND CLIFFS PELLETS

EMPIRE ROYAL OFF SPECIFICATION QUALITY REPORT

<TABLE>
<S> <C> <C>
Report No. _____
Report Date _____ Location Detected _____ Date Ispat Notified _____
Reported By _____ Date Detected _____ Notified By _____
Date produced (if known) _____ Cargo (if applicable)_____
Amount Produced (if known)_____ Material Segregated? _____ If not, total material involved _____
</TABLE>

[* * * *]

Containment Plan:

Corrective Action Plan:

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SECURITIES AND EXCHANGE COMMISSION.
ASTERISKS DENOTE SUCH OMISSIONS.

CLEVELAND CLIFFS PELLETS
EMPIRE STANDARD OFF SPECIFICATION QUALITY REPORT

<TABLE>
<S> <C> <C>
Report No. _____

Report Date _____ Location Detected _____ Date Ispat Notified _____
Reported By _____ Date Detected _____ Notified By _____
Date produced (if known)_____ Cargo (if applicable)_____
Amount Produced (if known)_____ Material Segregated? _____ If not, total material involved
_____
</TABLE>

[* * * *]

Containment Plan:

Corrective Action Plan:

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SECURITIES AND EXCHANGE COMMISSION.
ASTERISKS DENOTE SUCH OMISSIONS.

Exhibit B

PELLET SALE AND PURCHASE AGREEMENT
PRICING-ADJUSTMENTS-PAYMENTS CALCULATION
EXAMPLE FOR CONTRACT YEARS [* * * *]

(1) SUBMIT INLAND'S EXCESS ANNUAL REQUIREMENTS BY GRADE FOR CONTRACT YEAR

<TABLE>
<CAPTION>

GRADE	EXCESS ANNUAL REQUIREMENTS TONS (000S)
<S>	<C>
Empire - Standard	200
Empire - Royal	550
Empire - Viceroy	650
Wabush - 2% Mn Flux	300
Total pellet nomination	1,700

</TABLE>

(2) DETERMINE ESTIMATED COMPOSITE INDEX FOR CONTRACT YEAR

<TABLE>
<CAPTION>

		ANNUAL AVERAGE		
COMPONENT	PRECEDING CONTRACT YEAR	[* * * *]	WEIGHTING	WEIGHTED AVERAGE
<S>	<C>	<C>	<C>	<C>
[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]

</TABLE>

(3) MULTIPLY BASE PRICE MULTIPLIER FOR EACH PELLET GRADE BY THE ESTIMATED COMPOSITE INDEX

<TABLE>
<CAPTION>

GRADE	F.O.B.	BASE PRICE MULTIPLIER	ESTIMATED COMPOSITE INDEX	ADJUSTED BASE PRICE PER IRON UNIT
<S>	<C>	<C>	<C>	<C>
Empire - Standard				
Empire - Royal	[* * * *]	[* * * *]	[* * * *]	[* * * *]
Empire - Viceroy				

Wabush - 2% Mn Flux
</TABLE>

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ASTERISKS DENOTE SUCH OMISSIONS.

(4) MULTIPLY ADJUSTED BASE PRICE PER IRON UNIT BY THE EXPECTED IRON CONTENT TO DETERMINE ESTIMATED ADJUSTED BASE PRICE PER GROSS TON.

<TABLE>
<CAPTION>

GRADE	F.O.B.	EXPECTED IRON CONTENT (%)	ADJUSTED BASE PRICE PER IRON UNIT	ADJUSTED BASE PRICE PER TON
<S>	<C>	<C>	<C>	<C>
Empire - Standard		63.47		
Empire - Royal	[* * * *]	59.96	[* * * *]	[* * * *]
Empire - Viceroy		58.64		
Wabush - 2% Mn Flux		60.84		

</TABLE>

(5) DETERMINE ESTIMATED FLUX COMPOSITE INDEX FOR CONTRACT YEAR

<TABLE>
<CAPTION>

COMPONENT	PRECEDING CONTRACT YEAR	ANNUAL AVERAGE [* * * *]	WEIGHTING	WEIGHTED AVERAGE
<S>	<C>	<C>	<C>	<C>
[* * * *]				
[* * * *]				
ESTIMATED FLUX COMPOSITE INDEX				[* * * *]

</TABLE>

(6) MULTIPLY FLUX CHARGE MULTIPLIER FOR EACH EMPIRE FLUX GRADE BY THE ESTIMATED FLUX COMPOSITE INDEX

<TABLE>

GRADE	F.O.B.	FLUX CHARGE MULTIPLIER	FLUX COMPOSITE INDEX	ADJUSTED FLUX CHARGE PER TON
<S>	<C>	<C>	<C>	<C>
Empire - Royal	[* * * *]			
Empire - Viceroy	[* * * *]			

</TABLE>

(7) DETERMINE ESTIMATED ADJUSTED PRICE PER TON FOR EACH PELLET GRADE

<TABLE>
<CAPTION>

GRADE	F.O.B.	ADJUSTED BASE PRICE PER TON	ADJUSTED FLUX CHARGE PER TON	ADJUSTED PRICE PER TON
<S>	<C>	<C>	<C>	<C>
Empire - Standard	[* * * *]			
Empire - Royal				
Empire - Viceroy				
Wabush - 2% Mn Flux				

</TABLE>

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(8) DETERMINE ESTIMATED TOTAL PAYMENTS TO CLIFFS FOR EACH PELLET GRADE

<TABLE>
<CAPTION>

GRADE	ADJUSTED PRICE PER TON	EXCESS ANNUAL REQUIREMENTS TONS (000S)	AMOUNTS ($000S)

Empire - Standard		200	
Empire - Royal	[* * * *]	550	[* * * *]
Empire - Viceroy		650	
Wabush - 2% Mn Flux		300	
Total Pellet Payments		1,700	[* * * *]

(9) DETERMINE ESTIMATED PAYMENTS TO CLIFFS FOR THE [* * * *]

GRADE	AMOUNTS ($000S)	NUMBER OF PAYMENTS	AMOUNT OF EACH PAYMENT ($000S)
[* * * *]	[* * * *]	[* * * *]	[* * * *]
[* * * *]			
Total	[* * * *]		

(10) NO LATER THAN JUNE 15 OF THE CONTRACT YEAR, CLIFFS SHALL CERTIFY CALCULATION OF THE COMPOSITE INDEX AND THE FLUX COMPOSITE INDEX AND MAKE CHANGES TO PRICE

COMPONENT	ANNUAL AVERAGE PRECEDING CONTRACT YEAR	[* * * *]	WEIGHTING	WEIGHTED AVERAGE
[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]
ACTUAL COMPOSITE INDEX				[* * * *]

COMPONENT	ANNUAL AVERAGE PRECEDING CONTRACT YEAR	[* * * *]	WEIGHTING	WEIGHTED AVERAGE
[* * * *]				[* * * *]
[* * * *]				
ACTUAL FLUX COMPOSITE INDEX				[* * * *]

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

GRADE	F.O.B.	BASE PRICE MULTIPLIER	ACTUAL COMPOSITE INDEX	ADJUSTED BASE PRICE PER IRON UNIT
Empire - Standard				
Empire - Royal	[* * * *]	[* * * *]	[* * * *]	[* * * *]
Empire - Viceroy				
Wabush - 2% Mn Flux				

	EXPECTED IRON	ADJUSTED BASE PRICE PER IRON	ADJUSTED BASE PRICE

GRADE	F.O.B.	CONTENT (%)	UNIT	PER TON
<S>	<C>	<C>	<C>	<C>
Empire - Standard		63.47		
Empire - Royal	[* * * *]	59.96	[* * * *]	[* * * *]
Empire - Viceroy		58.64		
Wabush - 2% Mn Flux		60.84		

<CAPTION>

GRADE	F.O.B.	FLUX CHARGE MULTIPLIER	FLUX COMPOSITE INDEX	ADJUSTED FLUX CHARGE PER TON
<S>	<C>	<C>	<C>	<C>
Empire - Royal	[* * * *]	[* * * *]	[* * * *]	[* * * *]
Empire - Viceroy				

<CAPTION>

GRADE	F.O.B.	ADJUSTED BASE PRICE PER TON	ADJUSTED FLUX CHARGE PER TON	ADJUSTED PRICE PER TON
<S>	<C>	<C>	<C>	<C>
Empire - Standard				
Empire - Royal	[* * * *]	[* * * *]	[* * * *]	[* * * *]
Empire - Viceroy				
Wabush - 2% Mn Flux				

(11) DETERMINE ESTIMATED TOTAL PAYMENT TO CLIFFS FOR EACH PELLET GRADE AFTER JUNE 15 CERTIFICATION OF THE COMPOSITE INDEX AND THE FLUX COMPOSITE INDEX

<CAPTION>

GRADE DELIVERED	EXCESS ANNUAL REQUIREMENTS TONS (000S)	ADJUSTED PRICE PER TON	ANNUAL AMOUNT ($000S)
<S>	<C>	<C>	<C>
Empire - Standard			
Empire - Royal	[* * * *]	[* * * *]	[* * * *]
Empire - Viceroy			
Wabush - 2% Mn Flux			
Total Payments			[* * * *]

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(12) DETERMINE REVISED ESTIMATED PAYMENTS TO CLIFFS FOR THE [* * * *] FOLLOWING JUNE 15 CERTIFICATION. MAKE ADJUSTMENT TO PAYMENTS AND THE AMOUNT OF THE DIFFERENCE BETWEEN THE AMOUNT PREVIOUSLY PAID FOR CLIFFS PELLETS DURING THE YEAR AND THE AMOUNT THAT WOULD HAVE BEEN PAID.

<CAPTION>

	AMOUNTS ($000S)	NUMBER OF PAYMENTS	ADJUSTED AMOUNT OF EACH PAYMENT ($000S)	PREVIOUS AMOUNT OF EACH PAYMENT ($000S)
<S>	<C>	<C>	<C>	<C>
[* * * *]				
[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]
Total				

<CAPTION>

PAYMENT ($000S)	NUMBER OF PAYMENTS BEFORE JUNE 15	AMOUNTS ($000S) PAID BEFORE JUNE 15

Adjusted Amount of Each Payment	[* * * *]	[* * * *]	[* * * *]	[* * * *]
Previous Amount of Each Payment				
	---	---	---	
Payment Adjustment				
June 22nd Pellet Payment Amount	[* * * *]			
Remaining Pellet Payment Amounts				

[The remainder of this page is intentionally left blank]

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OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION.
ASTERISKS DENOTE SUCH OMISSIONS.

(13) NO LATER THAN JANUARY 31 OF THE YEAR FOLLOWING THE CONTRACT YEAR, CLIFFS SHALL CERTIFY ACTUAL TONNAGE OF CLIFFS' PELLETS DELIVERED TO SATISFY INLAND'S EXCESS ANNUAL REQUIREMENTS AND THE ACTUAL AVERAGE IRON UNITS OF EACH KIND OF CLIFFS PELLETS DELIVERED TO INLAND AND THE AMOUNT DUE FROM CLIFFS TO INLAND OR VICE VERSA

GRADE DELIVERED	ACTUAL TONS (000S)	ACTUAL IRON CONTENT (%)	ADJUSTED BASE PRICE PER IRON UNIT	ADJUSTED FLUX BASE PRICE PER TON	ADJUSTED FLUX CHARGE PER TON
Empire - Standard	225	63.75			
Empire - Royal	550	59.60	[* * * *]	[* * * *]	[* * * *]
Empire - Viceroy	650	58.74			
Wabash - 2% Mn Flux	275	60.25			

GRADE DELIVERED	ADJUSTED PRICE PER TON	PREVIOUS ACTUAL TONS (000S)	AMOUNTS ($000S)	TONS (000S)	AMOUNTS ($000S)
Empire - Standard		225		200	
Empire - Royal	[* * * *]	550	[* * * *]	550	[* * * *]
Empire - Viceroy		650		650	
Wabash- 2% Mn Flux		275		300	
		------	---	-----	
Total		1,700		1,700	

Payment To (From) Inland [* * * *]

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

Exhibit 3(d)

PELLET SALE AND PURCHASE AGREEMENT
[* * * *]

<TABLE>
<CAPTION>

<S> <C>
[* * * *]
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</TABLE>

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

EXHIBIT 5(e)

PELLET SALE AND PURCHASE AGREEMENT

PRELIMINARY TOTAL EMPIRE EQUITY, EXCESS ANNUAL REQUIREMENTS AND DELIVERY SCHEDULE

YEARS 2003 - 2014

(1) On or before October 31 of each of the Contract Years prior to the Contract Year in determination, Inland shall notify Cliffs in writing of Inland's initial preliminary total Empire Equity Tonnage and Excess Annual Requirements Tonnage by grade

INLAND'S INITIAL 2003 PRELIMINARY TOTAL EMPIRE EQUITY TONNAGE AND EXCESS ANNUAL REQUIREMENTS TONNAGE BY GRADE

<TABLE>
<CAPTION>

GRADE	TONS ('000'S GT)
<S>	<C>
Standard	[* * * *]
Viceroy	[* * * *]
Royal	[* * * *]
Wabush 2% Mn Flux	[* * * *]
Total	[* * * *]

</TABLE>

(2) On or before October 31 of each of the Contract Years prior to the Contract Year in determination, Inland shall provide to Cliffs Inland's planned shipment and delivery schedule related to Inland's preliminary total Empire Equity Tonnage and Excess Annual Requirements Tonnage by grade, and such shipment schedule shall be updated and provided to Cliffs monthly during the Contract Year

<TABLE>
<CAPTION>

GRADE	Ispat Inland INV 12/31/02	SHIPMENTS JAN, 2003	FEB	MAR	APR	MAY	JUN	JUL	NOTE: SHIPMENTS ARE SHOWN IN THE MONTH UNLOADING IS COMPLETED AUG
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Standard	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]
Viceroy	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]
Royal	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]
Wabush 2% Mn Flux	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]
	---	---	---	---	---	---	---	---	---

</TABLE>

Total	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]

<CAPTION>

NOTE: SHIPMENTS ARE SHOWN IN THE MONTH UNLOADING IS COMPLETED

GRADE	SEP	OCT	NOV	DEC	JAN, 04	FEB>JAN SHIPS - BEG. INV.	REVISED NOMINATION TOTAL 1/31/2004 INV.
Standard	[* * * *]	[* * * *]	[* * * *]	[* *]	[* * * *]	[* * * *]	[* * * *]
Viceroy	[* * * *]	[* * * *]	[* * * *]	[* *]	[* * * *]	[* * * *]	[* * * *]
Royal	[* * * *]	[* * * *]	[* * * *]	[* *]	[* * * *]	[* * * *]	[* * * *]
Wabush 2% Mn Flux	[* * * *]	[* * * *]	[* * * *]	[* *]		[* * * *]	[* * * *]
Total	[* * * *]	[* * * *]	[* * * *]	[* *]	[* * * *]	[* * * *]	[* * * *]

Subsidiaries of Cleveland-Cliffs Inc

Name of Subsidiary	Jurisdiction of Incorporation or Organization
CALipso Sales Company (3)	Delaware
Cleveland-Cliffs Ore Corporation (1),(2)	Ohio
Cliffs and Associates Limited (3)	Trinidad
Cliffs Biwabik Ore Corporation (2)	Minnesota
Cliffs Empire, Inc. (1),(4),(13)	Michigan
Cliffs Erie L.L.C. (10)	Delaware
Cliffs IH Empire, Inc. (1),(13)	Michigan
Cliffs Marquette, Inc. (1),(2)	Michigan
Cliffs MC Empire, Inc. (1),(4)	Michigan
Cliffs Mining Company	Delaware
Cliffs Mining Services Company	Delaware
Cliffs Oil Shale Corp. (2)	Colorado
Cliffs Reduced Iron Corporation	Delaware
Cliffs Reduced Iron Management Company (5)	Delaware
Cliffs Synfuel Corp. (2)	Utah
Cliffs TIOP, Inc. (1),(6)	Michigan
Empire-Cliffs Partnership (4)	Michigan
Empire Iron Mining Partnership (7)	Michigan
Hibbing Taconite Company, a joint venture (8)	Minnesota
IronUnits LLC	Delaware
Lake Superior & Ishpeming Railroad Company	Michigan
Lasco Development Corporation (9)	Michigan
Marquette Iron Mining Partnership (2)	Michigan
Minerais Midway Ltee-Midway Ore Company Ltd. (10)	Quebec, Canada
Northshore Mining Company	Delaware
Northshore Sales Company	Ohio
Pickands Hibbing Corporation (8)	Minnesota
Seignelay Resources, Inc. (10)	Delaware
Silver Bay Power Company (11)	Delaware
Syracuse Mining Company (10)	Minnesota
The Cleveland-Cliffs Iron Company	Ohio
The Cleveland-Cliffs Steamship Company (1)	Delaware
Tilden Mining Company L.C. (6)	Michigan
Wabush Iron Co. Limited (10),(12)	Ohio
Wheeling-Pittsburgh/Cliffs Partnership (13)	Michigan

See footnote explanation on page 83.

(1) The named subsidiary is a wholly-owned subsidiary of The Cleveland-Cliffs Iron Company, which in turn is a wholly-owned subsidiary of Cleveland-Cliffs Inc.

(2) Marquette Iron Mining Partnership ("Marquette Partnership") is a Michigan partnership. Cleveland-Cliffs Ore Corporation and Cliffs Marquette, Inc., wholly-owned subsidiaries of The Cleveland-Cliffs Iron Company, have a combined 100% interest in the Marquette Partnership. Cleveland-Cliffs Ore Corporation also owns 100% of Cliffs Biwabik Ore Corporation. The Marquette Partnership owns 100% of Cliffs Oil Shale Corp. and Cliffs Synfuel Corp.

(3) Cliffs and Associates Limited is a Trinidad corporation. Cliffs Reduced Iron Corporation has an 82.39% interest in Cliffs and Associates Limited. CALipso Sales Company is a wholly-owned subsidiary of Cliffs and Associates Limited.

(4) Empire-Cliffs Partnership is a Michigan partnership. Cliffs MC Empire, Inc. and Cliffs Empire, Inc., wholly-owned subsidiaries of The Cleveland-Cliffs Iron Company, have a combined 100% interest in Empire-Cliffs Partnership.

(5) The named subsidiary is a wholly-owned subsidiary of Cliffs Reduced Iron Corporation, which in turn is a wholly-owned subsidiary of Cleveland-Cliffs Inc.

(6) Tilden Mining Company L.C. is a Michigan limited liability company. Cliffs TIOP, Inc., a wholly-owned subsidiary of The Cleveland-Cliffs Iron Company, has an 85% interest in Tilden Mining Company L.C.

(7) Empire Iron Mining Partnership is a Michigan partnership. The Cleveland-Cliffs Iron Company has a 79% indirect interest in the Empire Iron Mining Partnership.

(8) Cliffs Mining Company has a 10% and Pickands Hibbing Corporation, a wholly-owned subsidiary of Cliffs Mining Company, has a 13% interest in Hibbing Taconite Company, a joint venture.

(9) The named subsidiary is a wholly-owned subsidiary of Lake Superior & Ishpeming Railroad Company, which in turn is a wholly-owned subsidiary of Cleveland-Cliffs Inc.

(10) The named subsidiary is a wholly-owned subsidiary of Cliffs Mining Company, which in turn is a wholly-owned subsidiary of Cleveland-Cliffs Inc.

(11) The named subsidiary is a wholly-owned subsidiary of Northshore Mining Company, which in turn is a wholly-owned subsidiary of Cleveland-Cliffs Inc.

(12) Wabush Iron Co. Limited is an Ohio corporation. Wabush Iron Co. Limited owns a 26.83% interest in Wabush Mines.

(13) Wheeling-Pittsburgh/Cliffs Partnership ("W-P/Cliffs Partnership") is a Michigan partnership. Cliffs Empire, Inc. and Cliffs IH Empire, Inc., wholly-owned subsidiaries of The Cleveland-Cliffs Iron Company, have a combined 100% interest in W-P/Cliffs Partnership.

Exhibit 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-30391) pertaining to the 1992 Incentive Equity Plan (as amended and restated as of May 13, 1997) and the related prospectus; in the Post-Effective Amendment Number 1 to the Registration Statement (Form S-8 No. 33-56661) pertaining to the Northshore Mining Company and Silver Bay Power Company Retirement Savings Plan and the related prospectus; in the Registration Statement (Form S-8 No. 333-06049) pertaining to the Cleveland-Cliffs Inc Nonemployee Directors' Compensation Plan; in the Registration Statement (Form S-8 No. 333-84479) pertaining to the 1992 Incentive Equity Plan (as amended as of May 11, 1999); and in the Registration Statement (Form S-8 No. 333-64008) pertaining to the Cleveland-Cliffs Inc Nonemployee Directors' Compensation Plan (as amended as of May 8, 2001) and related prospectus of our report dated January 24, 2003, with respect to the consolidated financial statements and schedule of Cleveland-Cliffs Inc and consolidated subsidiaries included in the Annual Report (Form 10-K) for the year ended December 31, 2002.

/s/ Ernst & Young LLP

Cleveland, Ohio
February 5, 2003

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned Directors and officers of Cleveland-Cliffs Inc, an Ohio corporation ("Company"), hereby constitute and appoint John S. Brinzo, Cynthia B. Bezik, and John E. Lenhard and each of them, their true and lawful attorney or attorneys-in-fact, with full power of substitution and revocation, for them and in their name, place and stead, to sign on their behalf as a Director or officer of the Company, or both, as the case may be, an Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 on Form 10-K for the fiscal year ended December 31, 2002, and to sign any and all amendments to such Annual Report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney or attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as they might or could do in person, hereby ratifying and confirming all that said attorney or attorneys-in-fact or any of them or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Executed as of the 5th day of February, 2003.

/s/ J. S. Brinzo	/s/ J. C. Morley
J. S. Brinzo Chairman and Chief Executive Officer and Director (Principal Executive Officer)	J. C. Morley, Director
	/s/ S. B. Oresman
	S. B. Oresman, Director
/s/ R. C. Cambre	/s/ R. Phillips
R. C. Cambre, Director	R. Phillips, Director
/s/ R. Cucuz	/s/ R. K. Riederer
R. Cucuz, Director	R. K. Riederer, Director
/s/ D. H. Gunning	/s/ A. Schwartz
D. H. Gunning Vice Chairman and Director	A. Schwartz, Director
/s/ J. D. Ireland, III	/s/ C. B. Bezik
J. D. Ireland, III, Director	C. B. Bezik Senior Vice President-Finance (Principal Financial Officer)
/s/ F. R. McAllister	/s/ R. J. Leroux
F. R. McAllister, Director	R. J. Leroux Vice President and Controller (Principal Accounting Officer)

Cleveland-Cliffs Inc and Consolidated Subsidiaries
Schedule II - Valuation and Qualifying Accounts
(Dollars in Millions)

<TABLE>
<CAPTION>

Classification	Balance at Beginning of Year	Additions: Charged to Cost And Expenses	Additions: Charged to Other Accounts	Deductions	Balance at End of Year
<S>	<C>	<C>	<C>	<C>	<C>
Year Ended December 31, 2002:					
Allowance for Doubtful Accounts	1.2	--	--	.2	1.0
Other	4.0	--	--	3.4	.6
Year Ended December 31, 2001:					
Allowance for Doubtful Accounts	1.0	.2	--	--	1.2
Other	4.0	--	--	--	4.0
Year Ended December 31, 2000:					
Allowance for Doubtful Accounts	2.2	--	--	1.2	1.0
Other	3.9	.1	--	--	4.0

</TABLE>