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On April 19, 2005, ClevelNI

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On October 13, 2004, the FASB ratified EITF 04-8, "The Effect of Contingently Convertible¹ ITF 04-8.



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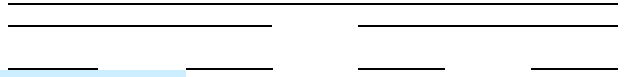
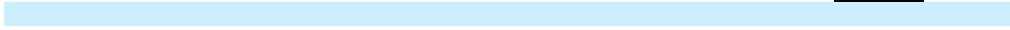
such day; (3) upon the occurrence of certain corporate transactions; or (4) if the preferred stock has been called for redemption. On or after January 20, 2009, the Company, at its option, may redeem some or all of the preferred stock at a redemption price equal to 100 percent of the liquidation preference, plus accumulated but unpaid dividends, but only if the closing price exceeds 135 percent of the conversion price, subject to adjustment, for 20 trading days within a period of 30 consecutive trading days ending on the trading day before the date we give the redemption notice. We may also exchange the preferred stock for convertible subordinated debentures in certain circumstances. We have reserved approximately 5.6 million common the ¼ y

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production capacity to eight million tonnes per year by the first quarter of 2006. The production is fully committed to steel companies in China and Japan for approximately five years. Portman's reserves currently total approximately 97 million tonnes, and it has an active exploration program underway to increase its reserves.

The acquisition and related costs were financed with existing cash and marketable securities and \$175 million of interim borrowings under a new three-year \$350 million revolving credit facility. The outstanding balance was repaid in full with a \$50 million payment on July 5, 2005. See NOTE 4 — REVOLVING CREDIT FACILITY.

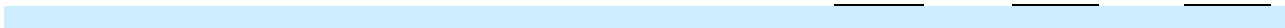
The statement of condensed consolidated financial position of the Company as of September 30, 2005 reflects the acquisition of Portman, effective March 31, 2005, under the purchase method of accounting. Assets acquired and s C



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interest rate is 80 basis points over the 90-day bank bill swap rate in Australia. Under this facility, Portman has remaining borrowing capacity of A\$29.3 million on September 30, 2005, after reduction of A\$10.7 million for commitments under outstanding performance bonds.

Portman secured five-year financing



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Pursuant to the new four-year labor agreement reached with the



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On January 29, 2004, Stelco Inc. ("Stelco") applied and obtained Bankru

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

OVERVIEW

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nine months,



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should be included in the cost of inventory. The consensus, which is effective for reporting periods beginning after December 15, 2005, permits early adoption. We elected to adopt EITF 04-6 in the first quarter ending March 31, 2005. As a result, we recorded an after-tax cœeco

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WISCONSIN ELECTRIC POWER COMPANY DISPUTE

Two of our mi

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mining and exploration company. The acquisition was initiated on March 31, 2005 by the purchase of approximately 68.7 percent of the outstanding shares of Portman. The assets consist primarily of iron ore inventory, land, mineral rights and iron ore reserves. The purchase price of the 80.4 percent interest was \$434.0 million, including \$13.3 million of acquisition costs. Additionally, we incurred \$9.8 million of foreign currency hedging costs related to this transaction, which were charged to first quarter 2005 operations. The acquisition increased our customer base in China and Japan and established our presence in the Australian mining industry. The acquisition also increased our production capacity in the United States and expanded our international operations.

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On August

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value of the Canadian dollar rose against the U.S. dollar from \$.64 U.S. dollar per Canadian dollar at the beginning of 2003 to \$.86 U.S. dollar per Canadian dollar at September 30, 2005, an increase of approximately 34 percent. 45 c

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America. In the event of any future acquisitions or jo ¾



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Hoyt Lakes, Minnesota (formerly owned by LTV Steel Mining Company). The iron ore mining and pelletizing oper

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

Wisconsin Electric Power Company. Two of the Company's mines, Tilden Mining Company, L.C. ("Tilden") and Empire Iron Mining Partnership ("the Mines"), currently purchase their electric power from Wisconsin Electric Power Company ("WEPCO") pursuant to the terms of special contracts specifying prices based on WEPCO's "actual costs". Effective April 1, 2005, WEPCO's "actual costs" will be based on WEPCO's "act WEPCO's actual costs".

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uncertain. Our entities c



(d) Disclosed

CERTIFICATION PURSUANT TO
