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significant intercompany balances and transactions have been eliminated in xii







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("EITF 04-6"). The consensus clarifies that stripp





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Share-Based Compensation

Effective January 1, 2006, we adopted the fair value recogni

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that they will be realized. Estimated supplemental payments (on approximately 1.0 million tons), wh



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loss" in Shareholders' Equi











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2006, after reduction of A\$11.2 million for commitments under outstanding performance bonds. As of March 31, 2006, Portman was in compliance with the covenants in the credit agreement.

In 2005, Portman secured five-year financing from its customers in China as part of its long-term sales agreements to assist with the funding of the expansion of its Koolyanobbing mining operation. The borrowings, which total \$7.0 million at March 31, 2006, accrue interest annually at five percent. The borrowings require a \$.7 million principal payment plus accrued interest to be made each January 31 for the next five years.

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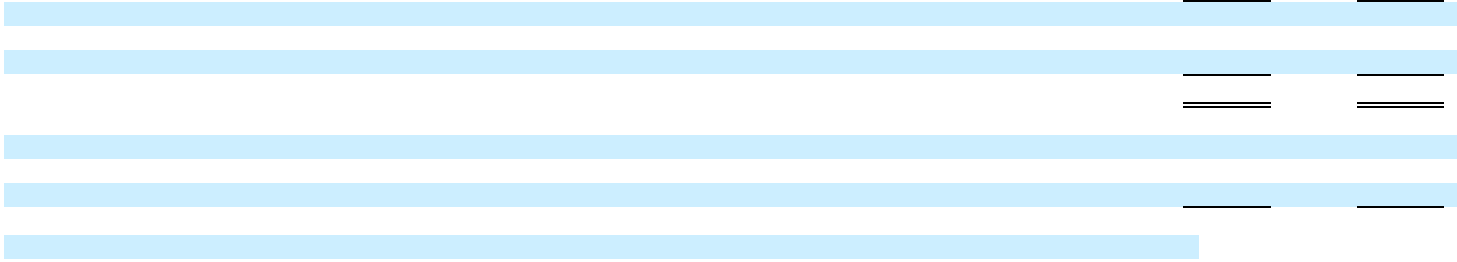
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to enter into negotiations with EPA over the conduct of a remedial investigation and feasibility study for the Milwaukee



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projected to continue through 2006 with the objective of supporting the selection of the final remedy for the site. Costs are shared pursuant to the terms of a Participation Agreement between the parties of the RTWG, who have reserved the right to renegotiate any future participation or cost sharing following the completion of the Consent Order.

The Rio Tinto Trustees have made available for public comment their plans for the assessment of Natural Resource Damages Agreement

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the furnace restarts); and (4) failure to comply with calibration of monitoring equipment as required under Northshore's Title V permit. The alleged violations relating to the restart of Furnaces 11 and 12 occurred prior to our acquisition of Northshore (formerly Cyprus Northshore Mining Company) in a share purchase in 1994. We are currently investigating the allegations contained in the Notice.

## [Mine Closure](#)

The mine cRine c

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NOTE 10 – SHARE-BASED COMPENSATION PLANS

Description of Share-Based Compensation Plans

The 1992 Incentive E

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2005, was timely received. We sold 1.4 million tons and 1.7 million tons to WCI in 2005 and 2004, respectively.

Previously, the Bankruptcy Court denied confirmation of both of two competing plans of reorganization filed by (i) WCI, jointly with its current owner (which plan was supported by the USWA, the union representing WCI's hourly employees, and (ii) a group of WCI's secured noteholders. Subsequently, the secured noteholders amended their plan of reorganization (the "New Noteholder Plan") and obtained the support of the USWA for the New Noteholder Plan. After a hearing in the Bankruptcy Court, the court confirmed the New Noteholder Plan on May 10, 2004, and the USWA, on the same date.

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mining venture obligations in the future. A contingent claim based upon such a possibility was filed with the court-appointed monitor in the Stelco restructuring process.

A plan of compromise and arrangement of Stelco (the "Plan") was approved by the Court, after receiving Re



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NOTE 14 – DISCONTINUED OPERATIONS

Cliffs' business/consulting arrangements with C.V.G. Ferrominera Orinoco C. A. of Venezuela to provide technical assistance in support of improving

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- Lower other-net
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American operations of approximately 23 percent primarily refn rN r


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North America

Our share of first quarter pellet production was 5.1 million tons in 2006 compared with 4.8 million tons last year. Higher production at Tilden in the first quarter was primarily due to repair downtime in the pelletizer last year, which resulted in lower production in the first quarter of 2005. The decrease in Wabush first quarter production in 2006 was due to increased mining difficulties experienced in the first quarter. Crude ore mining was significantly impacted by pit de-watering.

Quarter. C

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Australia

Portman's sales of fines and lump ore were 1.5 million tonnes in the first quarter of 2006. Portman's production totaled 1.3 million tonnes (including its .1 million tonne share of the Cockatoo Island joint venture) in the first quarter. Portman completed a \$66 million project to increase its wholly owned production capacity to eight million tonnes per annum.

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current owner and the Pension Benefit Guaranty Corporation reached an une





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currency hedging costs





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CASH FLOW, LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2006, we had cash and cash equivalents

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diesel fuel (Company s

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airborne asbestos fibers while serving as crew members aboard the vessels previously owned or managed by our entities until the mid-1980s. 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 t







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Exhibit Number	Exhibit
10(c)	* Form of the 2006 Restricted Shares Agreemr

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- (d) ~~Disclosed~~ in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the registrant's ability to record and report financial results in accordance with generally accepted accounting principles;
-

CERTIFICATION

I, Donald J. Gallagher, certify that:

1. I have read ~~341~~



(d) Disclosed in this report

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