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**Definitions**

The following abbreviations or acronyms are used in the text. References in this report to the “Company”, “we”, “us”, “our” and “Cliffs” are to Cleveland-Cliffs Inc and subsidiaries, collectively. References to “A\$” refer to Australian currency, “C\$” to Canadian currency and “\$” to United States currency.

<b>Abbreviation or acronym</b>	<b>Term</b>
APBO	Accumulated other postretirement benefit obligation
ARS	Auction rate securities
CAL	Cliffs and Associates Limited
CEO	Chief Executive Officer
CERCLA	Comprehensive Environmental f kO

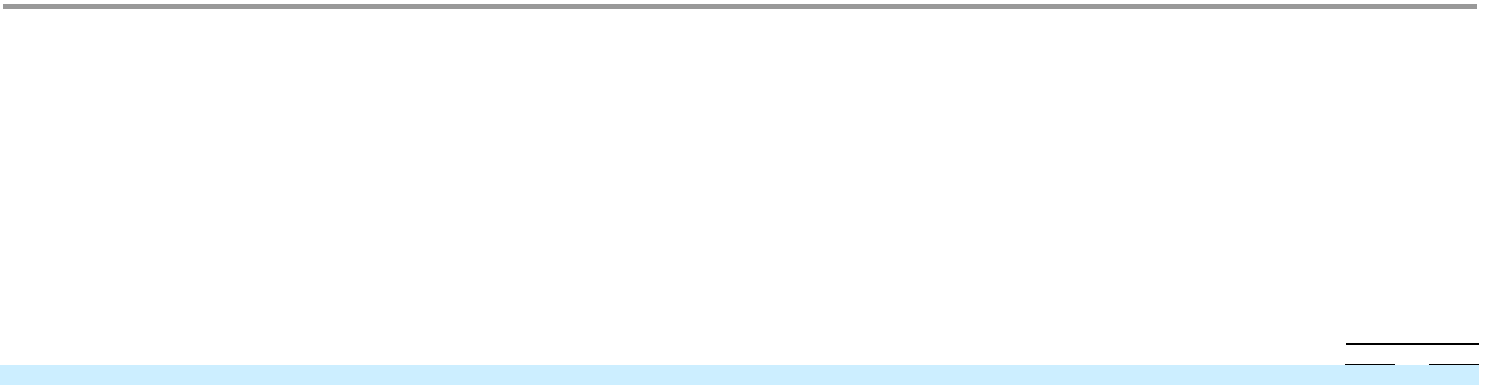
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CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2006

NOTE 1 — BASIS OF PRESENTATION

In the opinion of management, the accompanying unaudited condensed consolidated financial statements are

















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on each of our financial statements and related disclosures. SAB 108 is effective for fiscal years ending after November 15, 2006, allowing a one-time transitional cumulative effect adjustment to retained earnings

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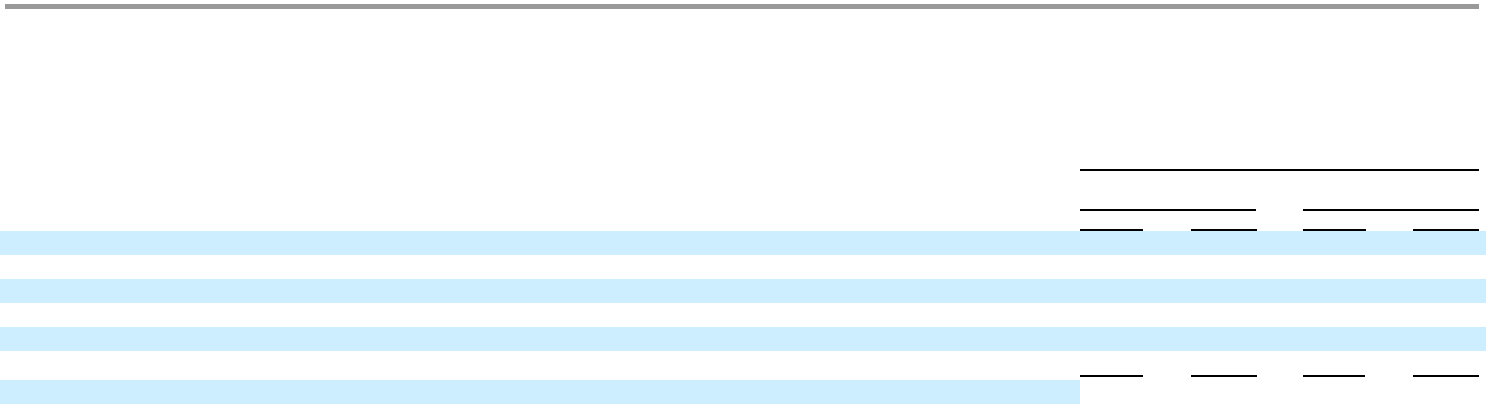
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comprised of our mining operations in the United States and Canada, represented approximately 82 percent of our consolidated revenues for the nine-month period ended September 30, 2006. The Australia segment, comprised of our 80.4 percent Portman interest in Western Australia, represented approximately 18 percent of our consolidated revenues for the same period. There have been no intersegment revenues since the acquisition.

The North America segment is comprised of our six iron ore mining operations in Michigan, Minnesota and Eastern Canada. We manufacture 13 grades of iron ore pellets, including stn a

















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NOTE 9 — INCOME TAXES

Our total tax provision from continuing operations for the first nine months of 2006 of \$70.8 million is comprised of \$53.4 million related to North American operations, primarily the U.S., and \$17.4 million related to Australian operations. Our expected effective tax rate for 2006 related to North American operations reflects benefits from deductions for percentage depletion in excess of cost depletion.

Through our

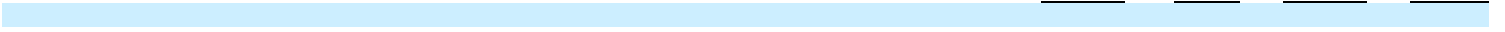
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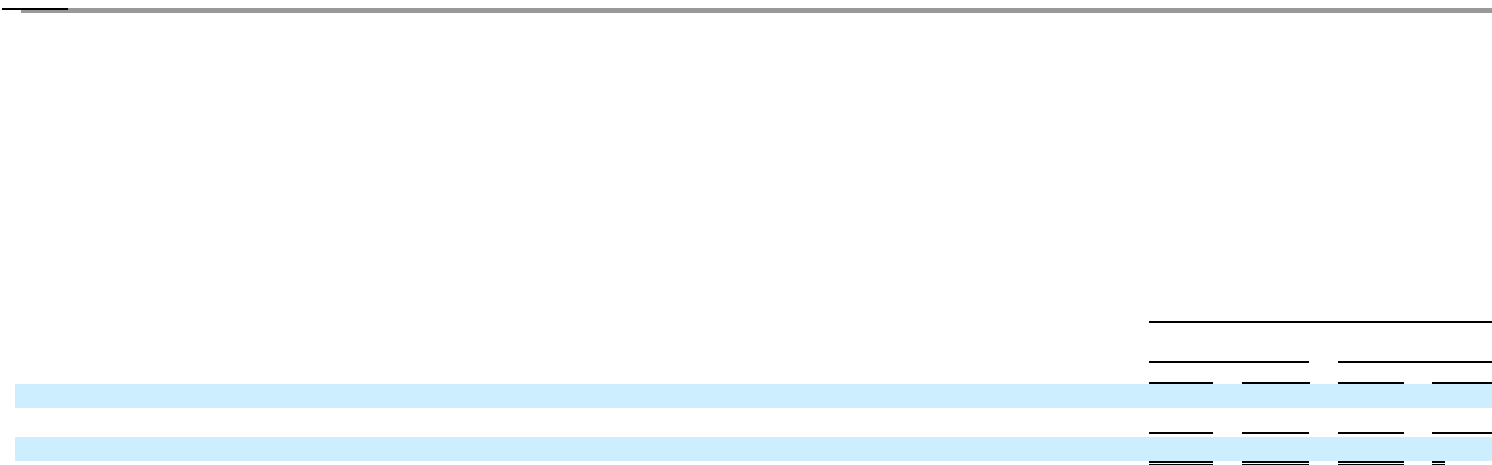




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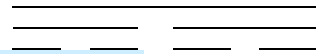
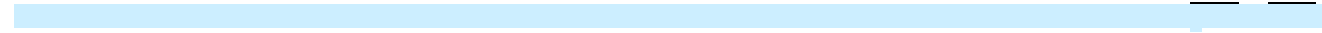
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unpaid pre-bankruptcy \$4.9 million trade













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Other operating income (expense)

The pre-tax earnings changes for the third quarter

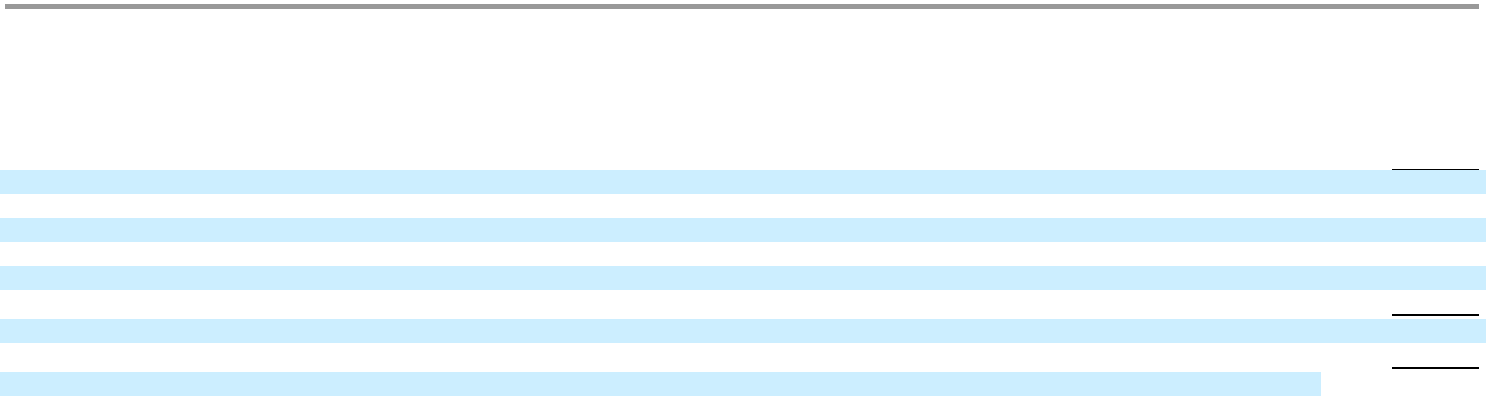


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third quarter at Empire was lower a o





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Following is a summary of our common shares outstanding:

	2006	2005	2004
March 31	43,797,072	43,748,246	42,736,148
June 30	42,170,090	43,756,230	42,712,111



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PENSIONS AND OTHER POSTRETIREMENT BENEFITS

Defined benefit pension expense totaled \$8.0 million and \$19.5 million for the third quarter and first nine months of 2006, compared with \$6.0 million and \$15.5 million for the comparable 2005 periods. The increase in defined benefit pension expense for the three-month and nine-month periods was due primarily to a decrease in the discount rate. See NOTE 7 for more information.







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STRATEGIC INVESTMENTS

We intend to continue to pursue investment and management opportunities to create long-term value for our shareholders.



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Our forecast of tot

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this report and include sta









ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares (or Usrg	v	T	T

SIGNATURE

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CERTIFICATION

I, Joseph A. Carrabba, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cleveland-Cliffs Inc. and I am a director of Cleveland-Cliffs Inc. I have read this report and I believe that the information contained in this report is true and correct and that the financial statements and other financial information included in this report fairly present the financial condition and results of operations of Cleveland-Cliffs Inc. for the periods presented.

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