CLEVELAND CLIFFS INC
Form S-4/A
October 15, 2008

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As filed with the Securities and Exchange Commission on October 14, 2008
Registration No. 333-152974

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

Amendment No. 2
to
Form S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CLEVELAND-CLIFFS INC
(Exact Name of Registrant as Specified in Its Charter)

Ohio	**1000**	**34-1464672**
(State or Other Jurisdiction of Incorporation or Organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

1100 Superior Avenue
Cleveland, Ohio 44114-2544
(216) 694-5700
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

George W. Hawk, Jr., Esq.
General Counsel and Secretary
Cleveland-Cliffs Inc
1100 Superior Avenue
Cleveland, Ohio 44114-2544
(216) 694-5700
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

Lyle G. Ganske, Esq. **James P. Dougherty, Esq.** **Jones Day** **901 Lakeside Avenue** **Cleveland, Ohio 44114** **(216) 586-3939**	**Vaughn R. Groves, Esq.** **Vice President and General Counsel** **Alpha Natural Resources, Inc.** **P.O. Box 2345** **Abingdon, Virginia 24212** **(276) 628-3116**	**Ethan A. Klingsberg, Esq.** **Jeffrey S. Lewis, Esq.** **Cleary Gottlieb Steen & Hamilton LLP** **One Liberty Plaza** **New York, New York 10006** **(212) 225-3999**

Approximate date of commencement of proposed sale to public: As soon as practicable following the effective date of this registration statement and the date on which all other conditions to the merger of Alpha Merger Sub, Inc. with and into Alpha Natural Resources, Inc., or under certain circumstances, the merger of Alpha Natural Resources, Inc. with and into Alpha Merger Sub, LLC, pursuant to the merger agreement described in the enclosed document have been satisfied or waived.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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PRELIMINARY COPY

SUBJECT TO COMPLETION, DATED OCTOBER 14, 2008

TO THE SHAREHOLDERS OF CLIFFS NATURAL RESOURCES INC. AND STOCKHOLDERS OF ALPHA NATURAL RESOURCES, INC.

Cliffs Natural Resources Inc. (formerly known as Cleveland-Cliffs Inc), which is referred to as Cliffs, and Alpha Natural Resources, Inc., which is referred to as Alpha, have entered into an agreement and plan of merger pursuant to which Alpha Merger Sub, Inc., a wholly-owned subsidiary of Cliffs, which is referred to as merger sub, will merge with and into Alpha, or, under certain circumstances, as described in Annex G, merger sub will be converted from a Delaware corporation to a Delaware limited liability company, Alpha Merger Sub, LLC, and Alpha will merge with and into Alpha Merger Sub, LLC. Upon successful completion of the merger, Alpha stockholders will be entitled to receive a combination of cash and Cliffs common shares in exchange for their shares of Alpha common stock. Pursuant to the merger, each share of Alpha common stock (other than shares of Alpha common stock held by any dissenting Alpha stockholder that has properly exercised appraisal rights in accordance with Delaware law, held in treasury by Alpha or owned by Cliffs) will be converted into the right to receive 0.95 of a common share of Cliffs and $22.23 in cash, without interest. Upon completion of the merger, we estimate that Alpha s former stockholders will own approximately 37% of the then-outstanding common shares of Cliffs, based on the number of shares of Alpha common stock and Cliffs common shares outstanding on October 6, 2008. Cliffs shareholders will continue to own their existing shares, which will not be affected by the merger. Common shares of Cliffs are listed on the New York Stock Exchange under the symbol CLF. Upon completion of the merger, Alpha common stock, which is listed on the New York Stock Exchange under the symbol ANR, will be delisted. When the merger is completed, Cliffs common shares will continue to be listed on the New York Stock Exchange.

We expect the merger to be nontaxable for federal income tax purposes for Alpha stockholders and Cliffs shareholders, except for the receipt by Alpha stockholders of cash in exchange for their Alpha common stock or cash instead of fractional common shares of Cliffs.

We are each holding our special meeting of shareholders in order to obtain those approvals necessary to consummate the merger. At the Cliffs special meeting, Cliffs will ask its shareholders to adopt the merger agreement and approve the issuance of common shares of Cliffs in connection with the merger. At the Alpha special meeting, Alpha will ask its stockholders to adopt the merger agreement. The obligations of Cliffs and Alpha to complete the merger are also subject to the satisfaction or waiver of several other conditions to the merger. More information about Cliffs, Alpha and the proposed merger is contained in this joint proxy statement/prospectus. **We urge you to read this joint proxy statement/prospectus, and the documents incorporated by reference into this joint proxy statement/prospectus, carefully and in their entirety, in particular, see Risk Factors beginning on page 27.**

After careful consideration, each of our boards of directors has approved the merger agreement and has determined that the merger agreement and the merger are advisable and in the best interests of the shareholders of Cliffs and stockholders of Alpha, respectively. **Accordingly, the Alpha board of directors recommends that the Alpha**

stockholders vote for the adoption of the merger agreement. The Cliffs board of directors recommends that the Cliffs shareholders vote for the adoption of the merger agreement and the issuance of Cliffs common shares to be issued in connection with the merger.

We are very excited about the opportunities the proposed merger brings to both Alpha stockholders and Cliffs shareholders, and we thank you for your consideration and continued support.

Joseph A. Carrabba	Michael J. Quillen
Chairman, President and Chief Executive Officer	Chairman and Chief Executive Officer
Cliffs Natural Resources Inc.	Alpha Natural Resources, Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated , 2008, and is first being mailed to Alpha stockholders and Cliffs shareholders on or about , 2008.

REFERENCES TO ADDITIONAL INFORMATION

Except where we indicate otherwise, as used in this joint proxy statement/prospectus, Cliffs refers to Cliffs Natural Resources Inc. (formerly known as Cleveland-Cliffs Inc) and its consolidated subsidiaries and Alpha refers to Alpha Natural Resources, Inc. and its consolidated subsidiaries. This joint proxy statement/prospectus incorporates important business and financial information about Cliffs and Alpha from documents that each company has filed with the Securities and Exchange Commission, which we refer to as the SEC, but that have not been included in or delivered with this joint proxy statement/prospectus. For a list of documents incorporated by reference into this joint proxy statement/prospectus and how you may obtain them, see Where You Can Find More Information beginning on page 239.

This information is available to you without charge upon your written or oral request. You can also obtain the documents incorporated by reference into this joint proxy statement/prospectus by accessing the SEC s website maintained at http://www.sec.gov.

In addition, Cliffs filings with the SEC are available to the public on Cliffs website, http://www.cliffsnaturalresources.com, and Alpha s filings with the SEC are available to the public on Alpha s website, http://www.alphanr.com. Information contained on Cliffs website, Alpha s website or the website of any other person is not incorporated by reference into this joint proxy statement/prospectus, and you should not consider information contained on those websites as part of this joint proxy statement/prospectus.

Cliffs will provide you with copies of this information relating to Cliffs, without charge, if you request them in writing or by telephone from:

Cliffs Natural Resources Inc.
1100 Superior Avenue
Cleveland, Ohio 44114-2544
Attention: Investor Relations
(216) 694-5700

Alpha will provide you with copies of this information relating to Alpha, without charge, if you request them in writing or by telephone from:

Alpha Natural Resources, Inc.
One Alpha Place, P.O. Box 2345
Abingdon, Virginia 24212
Attention: Investor Relations
(276) 619-4410

If you would like to request documents, please do so by , 2008, in order to receive them before the special meetings.

Cliffs has supplied all information contained in or incorporated by reference in this joint proxy statement/prospectus relating to Cliffs, and Alpha has supplied all information contained in or incorporated by reference in this joint proxy statement/prospectus relating to Alpha.

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ALPHA NATURAL RESOURCES, INC.
One Alpha Place, P.O. Box 2345
Abingdon, Virginia 24212

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON , 2008

To our fellow Stockholders of Alpha Natural Resources, Inc.:

We will hold our special meeting of stockholders at our offices located at One Alpha Place, Abingdon, Virginia 24212, on , 2008, at , unless adjourned to a later date. This special meeting will be held for the following purposes:

1. To adopt the Agreement and Plan of Merger, dated as of July 15, 2008, as it may be amended from time to time, by and among Cleveland-Cliffs Inc (now known as Cliffs Natural Resources Inc.), Alpha Merger Sub, Inc., a wholly-owned subsidiary of Cliffs Natural Resources Inc., and Alpha Natural Resources, Inc., pursuant to which Alpha Merger Sub, Inc. will merge with and into Alpha Natural Resources, Inc., or, under certain circumstances, as described in Annex G, Alpha Merger Sub, Inc. will be converted from a Delaware corporation to a Delaware limited liability company, Alpha Merger Sub, LLC, and Alpha Natural Resources, Inc. will merge with and into Alpha Merger Sub, LLC, on the terms and subject to the conditions contained in the merger agreement, and each outstanding share of common stock of Alpha Natural Resources, Inc. (other than shares held by any of its dissenting stockholders that have properly exercised appraisal rights in accordance with Delaware law, held in its treasury or owned by Cliffs Natural Resources Inc.) will be converted into the right to receive $22.23 in cash, without interest, and 0.95 of a common share of Cliffs Natural Resources Inc. A copy of the merger agreement is attached as Annex A to the accompanying joint proxy statement/prospectus; and

2. To approve adjournments of the Alpha Natural Resources, Inc. special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Alpha Natural Resources, Inc. special meeting to approve the above proposal.

These items of business are described in the accompanying joint proxy statement/prospectus. Only stockholders of record at the close of business on October 10, 2008, are entitled to notice of the Alpha Natural Resources, Inc. special meeting and to vote at the Alpha Natural Resources, Inc. special meeting and any adjournments of the Alpha Natural Resources, Inc. special meeting.

Alpha Natural Resources, Inc. s board of directors has approved the merger agreement and the transactions contemplated by the merger agreement, including the merger, and has determined that the merger agreement and the transactions contemplated by the merger agreement are advisable and fair to, and in the best interests of, Alpha Natural Resources, Inc. and its stockholders. Alpha Natural Resources, Inc. s board of directors recommends that you vote for the adoption of the merger agreement.

In deciding to approve the merger agreement and the transactions contemplated by the merger agreement, including the merger, Alpha Natural Resources, Inc. s board of directors considered the fairness opinion of its financial advisor delivered on July 15, 2008 and attached as Annex B to the accompanying joint proxy statement/prospectus. The fairness opinion speaks only as of its date and does not address the fairness of the merger consideration from a financial point of view at the time the merger is completed. We urge you to read Risk Factors Risks Relating to the Merger The fairness opinions obtained by Cliffs and Alpha from their respective financial advisors will not reflect changes in circumstances between signing the merger agreement and the completion of the merger on page 29.

Under Delaware law, appraisal rights will be available to Alpha Natural Resources, Inc. stockholders of record who do not vote in favor of the adoption of the merger agreement. To exercise your appraisal rights, you must strictly follow the procedures prescribed by Delaware law, submit a timely written demand for appraisal prior to the vote on the adoption of the merger agreement and otherwise comply with the requirements for exercising appraisal rights. These procedures are summarized in the accompanying joint proxy statement/prospectus.

Your vote is very important. Whether or not you plan to attend the Alpha Natural Resources, Inc. special meeting in person, please complete, sign and date the enclosed proxy card(s) as soon as possible and return it in the postage-prepaid envelope provided, or vote your shares by telephone or over the Internet as described in the accompanying joint proxy statement/prospectus. Submitting a proxy now will not prevent you from being able to vote at the special meeting by attending in person and casting a vote. **However, if you do not return or submit the proxy or vote your shares by telephone or over the Internet or vote in person at the special meeting, the effect will be the same as a vote against the proposal to adopt the merger agreement.**

By order of the board of directors,

Vaughn Groves
Vice President, Secretary and General
Counsel

Please vote your shares promptly. You can find instructions for voting on the enclosed proxy card.

If you have questions, contact:

Alpha Natural Resources, Inc.
One Alpha Place, P.O. Box 2345
Abingdon, Virginia 24212
Attention: Investor Relations
(276) 619-4410
or
D.F. King & Co., Inc.
48 Wall Street, 22nd Floor
New York, New York 10005
Banks and Brokers call collect: (212) 269-5550
All others call toll-free: (888) 887-0082

Abingdon, Virginia, , 2008

YOUR VOTE IS VERY IMPORTANT.

Please complete, date, sign and return your proxy card(s), or vote your shares by telephone or over the Internet at your earliest convenience so that your shares are represented at the meeting.

CLIFFS NATURAL RESOURCES INC.
1100 Superior Avenue
Cleveland, Ohio 44114-2544

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON , 2008

To our fellow Shareholders of Cliffs Natural Resources Inc.:

The special meeting of shareholders of Cliffs Natural Resources Inc. will be held at on , 2008, at , unless postponed or adjourned to a later date. The Cliffs Natural Resources Inc. special meeting will be held for the following purposes:

1. To adopt the Agreement and Plan of Merger, dated as of July 15, 2008, as it may be amended from time to time, by and among Cleveland-Cliffs Inc (now known as Cliffs Natural Resources Inc.), Alpha Merger Sub, Inc., a wholly-owned subsidiary of Cliffs Natural Resources Inc., and Alpha Natural Resources, Inc., pursuant to which Alpha Merger Sub, Inc. will merge with and into Alpha Natural Resources, Inc., or, under certain circumstances, as described in Annex G, Alpha Merger Sub, Inc. will be converted from a Delaware corporation to a Delaware limited liability company, Alpha Merger Sub, LLC, and Alpha Natural Resources, Inc. will merge with and into Alpha Merger Sub, LLC, on the terms and subject to the conditions contained in the merger agreement, and approve the issuance of Cliffs Natural Resources Inc. common shares in connection with the merger. A copy of the merger agreement is attached as Annex A to the accompanying joint proxy statement/prospectus;

2. To approve adjournments or postponements of the Cliffs Natural Resources Inc. special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Cliffs Natural Resources Inc. special meeting to adopt the merger agreement and approve the issuance of the Cliffs Natural Resources Inc. common shares on the terms and subject to the conditions contained in the merger agreement; and

3. To consider and take action upon any other business that may properly come before the Cliffs Natural Resources Inc. special meeting or any reconvened meeting following an adjournment or postponement of the Cliffs Natural Resources Inc. special meeting.

These items of business are described in the accompanying joint proxy statement/prospectus. Only shareholders of record at the close of business on October 6, 2008, are entitled to notice of the Cliffs Natural Resources Inc. special meeting and to vote at the Cliffs Natural Resources Inc. special meeting and any adjournments or postponements of the Cliffs Natural Resources Inc. special meeting.

Cliffs Natural Resources Inc. s board of directors has approved the merger agreement and the transactions contemplated by the merger agreement, including the merger and the issuance of Cliffs Natural Resources Inc. common shares in connection with the merger, and has determined that the transactions contemplated by the merger agreement are advisable and fair to, and in the best interests of, Cliffs Natural Resources Inc. and its shareholders. Cliffs Natural Resources Inc. s board of directors recommends that you vote for the adoption of the merger agreement and the approval of the issuance of Cliffs Natural Resources Inc. common shares pursuant to the merger agreement.

In deciding to approve the merger agreement and the transactions contemplated by the merger agreement, including the merger and the issuance of the Cliffs Natural Resources Inc. common shares in connection with the merger, Cliffs Natural Resources Inc. s board of directors considered the fairness opinion of its financial advisor delivered on July 15, 2008 and attached as Annex C to the accompanying joint proxy statement/prospectus. The fairness opinion speaks only as of its date and does not address the fairness of the merger consideration from a financial point of view at the time the merger is completed. We urge you to read Risk Factors Risks Relating to the Merger The fairness opinions obtained by Cliffs and Alpha from their respective financial advisors will not reflect changes in circumstances between signing the merger agreement and the completion of the merger on page 29.

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Under Chapter 1701 of the Ohio Revised Code, dissenters rights will be available to Cliffs Natural Resources Inc. shareholders of record who do not vote in favor of the proposal to adopt the merger agreement and approve the issuance of Cliffs Natural Resources Inc. common shares. To exercise your dissenters rights, you must strictly follow the procedures prescribed by Chapter 1701 of the Ohio Revised Code. These procedures are summarized in the accompanying joint proxy statement/prospectus.

Your vote is very important. Whether or not you plan to attend the Cliffs Natural Resources Inc. special meeting in person, please complete, sign and date the enclosed proxy card(s) as soon as possible and return it in the postage-prepaid envelope provided, or vote your shares by telephone or over the Internet as described in the accompanying joint proxy statement/prospectus. Submitting a proxy now will not prevent you from being able to vote at the special meeting by attending in person and casting a vote. **However, if you do not return or submit the proxy or vote your shares by telephone or over the Internet or vote in person at the special meeting, the effect will be the same as a vote against the proposal to adopt the merger agreement and approve the issuance of Cliffs Natural Resources Inc. common shares in the merger.**

By order of the board of directors,

George W. Hawk, Jr.
General Counsel and Secretary

Please vote your shares promptly. You can find instructions for voting on the enclosed proxy card.

If you have questions, contact:

Cliffs Natural Resources Inc.
1100 Superior Avenue
Cleveland, Ohio 44114-2544
Attention: Investor Relations
(216) 694-5700
or
Innisfree M&A Incorporated
501 Madison Avenue, 20th Floor
New York, New York 10022
Shareholders may call toll-free: (877) 456-3507
Banks and Brokers call collect: (212) 750-5833

Cleveland, Ohio, , 2008

YOUR VOTE IS VERY IMPORTANT.

Please complete, date, sign and return your proxy card(s) or vote your shares by telephone or over the Internet at your earliest convenience so that your shares are represented at the meeting.

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETINGS AND THE MERGER

The following questions and answers briefly address some commonly asked questions about the special meetings and the merger. They may not include all the information that is important to you. Cliffs Natural Resources Inc. (formerly, Cleveland-Cliffs Inc), which we refer to as Cliffs, and Alpha Natural Resources, Inc., which we refer to as Alpha, urge you to read carefully this entire joint proxy statement/prospectus, including the annexes and the other documents to which we have referred you. We have included page references in certain parts of this section to direct you to a more detailed description of each topic presented elsewhere in this joint proxy statement/prospectus.

The Merger

Q: Why am I receiving this joint proxy statement/prospectus?

A: The boards of directors of each of Alpha and Cliffs have agreed to the acquisition of Alpha by Cliffs pursuant to the terms of a merger agreement that is described in this joint proxy statement/prospectus. A copy of the merger agreement is attached to this joint proxy statement/prospectus as Annex A.

In order to complete the transactions contemplated by the merger agreement, including the merger, Cliffs shareholders and Alpha stockholders must vote on and approve proposals described in this joint proxy statement/prospectus and all other conditions to the merger must be satisfied or waived. Alpha and Cliffs will hold separate special meetings of their respective shareholders to seek to obtain these approvals.

This joint proxy statement/prospectus contains important information about the merger agreement, the transactions contemplated by the merger agreement, including the merger, and the respective special meetings of the stockholders of Alpha and shareholders of Cliffs, which you should read carefully. The enclosed proxy materials allow you to grant a proxy to vote your shares without attending your respective company s special meeting in person.

Your vote is very important. We encourage you to submit your proxy as soon as possible.

Q: What is the proposed transaction for which I am being asked to vote?

A: Alpha stockholders are being asked to adopt the merger agreement at the Alpha special meeting. A copy of the merger agreement is attached to this joint proxy statement/prospectus as Annex A. The approval of the proposal to adopt the merger agreement by Alpha stockholders is a condition to the obligation of the parties to the merger agreement to complete the merger. See The Merger Conditions to Completion of the Merger on page 93 and Summary Conditions to Completion of the Merger beginning on page 12.

Cliffs shareholders are being asked to adopt the merger agreement and approve the issuance of Cliffs common shares pursuant to the terms of the merger agreement at the Cliffs special meeting. The approval of this proposal by the Cliffs shareholders is a condition to the obligation of the parties to the merger agreement to complete the merger. See The Merger Conditions to Completion of the Merger on page 93 and Summary Conditions to Completion of the Merger beginning on page 12.

Q: Why are Alpha and Cliffs proposing the merger?

A:

Alpha and Cliffs both believe that the merger will provide substantial strategic and financial benefits to the stockholders of both companies. The combined company, which we refer to as the combined company, will become one of the largest U.S. mining companies and be positioned as a leading diversified mining and natural resources company. In addition, Alpha is also proposing the merger to provide its stockholders with the opportunity to receive the merger consideration and to offer Alpha stockholders the opportunity to participate in the growth and opportunities of the combined company by receiving Cliffs common shares pursuant to the merger. To review the reasons for the merger in greater detail, see The Merger Alpha s Reasons for the Merger and Recommendation of Alpha s Board of Directors beginning on page 59 and The Merger Cliffs Reasons for the Merger and Recommendation of Cliffs Board of Directors beginning on page 62.

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Q: What are the positions of the Alpha and Cliffs boards of directors regarding the merger and the proposals relating to the adoption of the merger agreement and the issuance of Cliffs common shares?

A: Both boards of directors have approved the merger agreement and the transactions contemplated by the merger agreement, including the merger, and determined that the transactions contemplated by the merger agreement are advisable and fair to, and in the best interests of, their respective companies and stockholders. The Alpha board of directors recommends that the Alpha stockholders vote **for** the proposal to adopt the merger agreement at the Alpha special meeting. The Cliffs board of directors recommends that the Cliffs shareholders vote **for** the proposal to adopt the merger agreement and approve the issuance of Cliffs common shares pursuant to the terms of the merger agreement at the Cliffs special meeting. See The Merger Alpha s Reasons for the Merger and Recommendation of Alpha s Board of Directors beginning on page 59, The Merger Cliffs Reasons for the Merger and Recommendation of Cliffs Board of Directors beginning on page 62, Summary The Merger Alpha s Reasons for the Merger on page 9 and Summary The Merger Cliffs Reasons for the Merger on page 9.

Q: What vote is needed by Alpha stockholders to adopt the merger agreement?

A: The adoption of the merger agreement requires the affirmative vote of at least a majority of the outstanding shares of Alpha common stock entitled to vote. If you are an Alpha stockholder and you abstain from voting, that will have the same effect as a vote against the adoption of the merger agreement. See The Alpha Special Meeting Quorum and Vote Required beginning on page 40.

Q: What vote is needed by Cliffs shareholders to adopt the merger agreement and approve the issuance of Cliffs common shares pursuant to the terms of the merger agreement?

A: The adoption of the merger agreement and the approval of the issuance of Cliffs common shares pursuant to the terms of the merger agreement requires the affirmative vote of at least two-thirds of the votes entitled to be cast by the holders of outstanding common shares of Cliffs and 3.25% Redeemable Cumulative Convertible Perpetual Preferred Stock of Cliffs, which we refer to as Series A-2 preferred stock, voting together as a class. If you are a Cliffs shareholder and you abstain from voting, that will have the same effect as a vote against the adoption of the merger agreement and the issuance of Cliffs common shares pursuant to the merger agreement. See The Cliffs Special Meeting Quorum and Vote Required beginning on page 44.

The former owners of PinnOak Resources, LLC, or PinnOak, which, held, collectively, as of the record date, 4,000,000 common shares of Cliffs, or approximately 3.5% of all of the common shares of Cliffs issued and outstanding as of the record date, and United Mining Co., Ltd., or United Mining, which held as of the record date 4,311,471 common shares of Cliffs, or approximately 3.8% of the then issued and outstanding common shares of Cliffs, each entered into separate voting agreements with Cliffs, pursuant to which they have agreed, among other things, to vote their respective common shares of Cliffs in favor of the adoption of the merger agreement and the approval of the transactions contemplated thereby, including the merger.

Q: What will happen in the proposed merger?

A: In the proposed merger, Alpha Merger Sub, Inc., a wholly-owned subsidiary of Cliffs, which we refer to as merger sub, will merge with and into Alpha, with Alpha as the surviving company. Under certain circumstances, the merger may be restructured so that merger sub will be converted from a Delaware corporation to a Delaware limited liability company, Alpha Merger Sub, LLC, and Alpha will merge with and into Alpha Merger Sub, LLC, with Alpha Merger Sub, LLC as the surviving company. The effects of the merger, if it is restructured in this way, are described in Annex G. After the merger, Alpha will no longer be a public company and will become a wholly-owned subsidiary of Cliffs. See The Merger Agreement The Merger; Closing beginning on page 97.

Q: What will Alpha stockholders receive in the merger?

A: In the merger, holders of Alpha common stock (other than shares of Alpha common stock held by any dissenting Alpha stockholder that has properly exercised appraisal rights in accordance with Delaware law, held in treasury by Alpha or owned by Cliffs) will be entitled to receive for each share of Alpha common stock (which will be cancelled in the merger):

$22.23 in cash, without interest; and

0.95 of a fully paid, nonassessable common share of Cliffs.

Although both the cash portion and the share portion of the merger consideration are fixed, due to the fluctuations in the market value of the Cliffs common shares, the value of the Cliffs common shares to be issued in the merger will fluctuate with movements in the price of Cliffs common shares. See Risk Factors Risks Relating to the Merger Because the market price of Cliffs common shares will fluctuate, Alpha stockholders cannot be sure of the value of the merger consideration they will receive on page 27.

Alpha stockholders will be entitled to receive cash for any fractional common shares of Cliffs that they would otherwise be entitled to receive in the merger.

Q: What are the potential principal adverse consequences of the merger to the Cliffs shareholders?

A: Following the consummation of the merger, Cliffs shareholders will participate in one of the largest U.S. mining companies with a mine portfolio including nine iron ore facilities and more than 60 coal mines located across North America, South America and Australia. Although the combined company will have a significantly increased size and scope, if the combined company is unable to realize the strategic and financial benefits currently anticipated to result from the merger, then Cliffs shareholders could experience dilution of their economic interest in Cliffs without receiving a commensurate benefit. In addition, it is possible that the merger could result in dilution to Cliffs earnings per share. Further, any adverse changes to the financial condition, results of operations, business, competitive position, reputation and business prospects of Alpha could potentially adversely affect the value of the combined company, thereby decreasing the value of the Cliffs common shares after the merger. Please see Risk Factors Risks Relating to the Merger beginning on page 27 and Risk Factors Risks Relating to the Combined Company s Operations After Consummation of the Merger beginning on page 38 for a further discussion of the material risks associated with the merger.

Q: Do Alpha stockholders have appraisal rights?

A: Yes. Alpha stockholders who do not vote in favor of adopting the merger agreement and who otherwise comply with the requirements of Delaware law will be entitled to appraisal rights to receive the statutorily determined fair value of their shares of Alpha common stock as determined by the Delaware Chancery Court, rather than the merger consideration. For a full description of the appraisal rights available to Alpha stockholders, see Summary Appraisal Rights of Alpha Stockholders beginning on page 11 and The Merger Appraisal Rights of Alpha Stockholders beginning on page 88.

Q: Do Cliffs shareholders have dissenters rights?

A: Yes. Cliffs shareholders are entitled to exercise dissenters rights in connection with the merger, provided they comply with the requirements of Chapter 1701 of the Ohio Revised Code, which we refer to as the Ohio General Corporation Law. For a full description of the dissenters rights of Cliffs shareholders, see Summary Dissenters Rights of Cliffs Shareholders on page 12 and The Merger Dissenters Rights of Cliffs Shareholders beginning on page 91.

Q: Will the rights of Alpha stockholders change as a result of the merger?

A: Yes. Alpha stockholders will become Cliffs shareholders and their rights as Cliffs shareholders will be governed by the Ohio General Corporation Law and Cliffs amended articles of incorporation, as amended, which we refer to as the amended articles of incorporation, and regulations, which we refer to as the regulations. For a summary description of those rights, see Comparison of Rights of Shareholders beginning on page 217. For a copy of Cliffs amended articles of incorporation or regulations, see Where You Can Find More Information beginning on page 239.

Q: Will the rights of Cliffs shareholders change as a result of the merger?

A: No. Cliffs shareholders will retain their shares of Cliffs and their rights will continue to be governed by the Ohio General Corporation Law and Cliffs amended articles of incorporation and regulations.

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Q: Where do Cliffs common shares trade?

A: Common shares of Cliffs trade on the New York Stock Exchange, or NYSE, under the symbol CLF.

Q: When do you expect to complete the merger?

A: If the merger agreement is adopted at the Alpha special meeting and the merger agreement is adopted and the issuance of Cliffs common shares is approved at the Cliffs special meeting, we expect to complete the merger as soon as possible after the satisfaction of the other conditions to the merger. There may be a substantial period of time between the approval of the proposals by stockholders at the special meetings of Alpha s stockholders and Cliffs shareholders and the effectiveness of the merger. We currently anticipate that, if the necessary approvals of Alpha s stockholders and Cliffs shareholders are obtained, the merger will be completed prior to the end of 2008. See The Merger Agreement The Merger; Closing beginning on page 97.

Q: Who will be the directors of Cliffs after the merger?

A: The directors of Cliffs immediately prior to the merger will continue as directors after the effective time of the merger. In addition, Cliffs has agreed to take all actions required to appoint two members of Alpha s board of directors, Michael J. Quillen and Glenn A. Eisenberg, to Cliffs board after the merger.

Q: Should I send in my stock certificates now?

A: **NO, PLEASE DO NOT SEND YOUR STOCK CERTIFICATE(S) WITH YOUR PROXY CARD(S).** If the merger is completed, Cliffs will send Alpha stockholders written instructions for sending in their stock certificates or, in the case of book-entry shares, for surrendering their book-entry shares. See The Alpha Special Meeting Proxy Solicitations on page 43 and The Merger Agreement Exchange of Shares beginning on page 99. Cliffs shareholders will not need to send in their share certificates or surrender their book-entry shares.

Q: Who can answer my questions about the merger?

A: If you have any questions about the merger or your special meeting, need assistance in voting your shares, or need additional copies of this joint proxy statement/prospectus or the enclosed proxy card(s), you should contact:

If you are a Cliffs shareholder:

Innisfree M&A Incorporated
501 Madison Avenue, 20th Floor
New York, NY 10022
Shareholders may call toll-free: (877) 456-3507
Banks and Brokers call collect: (212) 750-5833

If you are an Alpha stockholder:

D.F. King & Co., Inc.
48 Wall Street, 22nd Floor
New York, NY 10005
Banks and Brokers call collect: (212) 269-5550
All others call toll-free: (888) 887-0082

Procedures

Q: When and where are the special meetings?

A: The Alpha special meeting will be held at the offices of Alpha located at One Alpha Place, Abingdon, Virginia 24212, at on , 2008.

The Cliffs special meeting will be held at , at on , 2008.

Q: Who is eligible to vote at the Alpha and Cliffs special meetings?

A: Owners of Alpha common stock are eligible to vote at the Alpha special meeting if they were stockholders of record at the close of business on October 10, 2008. See The Alpha Special Meeting Record Date; Outstanding Shares; Shares Entitled to Vote on page 40.

Owners of Cliffs common shares and shares of Series A-2 preferred stock are eligible to vote at the Cliffs special meeting if they were shareholders of record at the close of business on October 6, 2008. See The Cliffs Special Meeting Record Date; Outstanding Shares; Shares Entitled to Vote on page 44.

Q: What should I do now?

A: You should read this joint proxy statement/prospectus carefully, including the annexes, and return your completed, signed and dated proxy card(s) by mail in the enclosed postage-paid envelope or by submitting your proxy by telephone or over the Internet as soon as possible so that your shares will be represented and voted at your special meeting. You may vote your shares by signing, dating and mailing the enclosed proxy card(s), or by voting by telephone or over the Internet. A number of banks and brokerage firms participate in a program that also permits shareholders whose shares are held in street name to direct their vote by telephone or over the Internet. This option, if available, will be reflected in the voting instructions from the bank or brokerage firm that accompany this joint proxy statement/prospectus. If your shares are held in an account at a bank or brokerage firm that participates in such a program, you may direct the vote of these shares by telephone or over the Internet by following the voting instructions enclosed with the proxy form from the bank or brokerage firm. See The Alpha Special Meeting How to Vote beginning on page 41 and The Cliffs Special Meeting How to Vote beginning on page 46.

Q: If I am going to attend my special meeting, should I return my proxy card(s)?

A: Yes. Returning your signed and dated proxy card(s) or voting by telephone or over the Internet ensures that your shares will be represented and voted at your special meeting. See The Alpha Special Meeting How to Vote beginning on page 41 and The Cliffs Special Meeting How to Vote beginning on page 46.

Q: How will my proxy be voted?

A: If you complete, sign and date your proxy card(s) or vote by telephone or over the Internet, your proxy will be voted in accordance with your instructions. If you sign and date your proxy card(s) but do not indicate how you want to vote at your special meeting:

for Alpha stockholders, your shares will be voted **for** the adoption of the merger agreement. If you vote for the adoption of the merger agreement at the Alpha special meeting, you will lose the appraisal rights to which you would otherwise be entitled. See Summary Appraisal Rights of Alpha Stockholders beginning on page 11, The Merger Appraisal Rights of Alpha Stockholders beginning on page 88 and The Alpha Special Meeting How to Vote beginning on page 41; and

for Cliffs shareholders, your shares will be voted **for** the adoption of the merger agreement and the issuance of Cliffs common shares. If you vote for the adoption of the merger agreement and the issuance of the Cliffs common shares at the Cliffs special meeting, you will lose the dissenters rights to which you would otherwise be entitled. See Summary Dissenters Rights of Cliffs Shareholders on page 12, The Merger Dissenters Rights of Cliffs Shareholders beginning on page 91 and The Cliffs Special Meeting How to Vote beginning on page 46.

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Q: Can I change my vote after I mail my proxy card(s) or vote by telephone or over the Internet?

A: Yes. If you are a record holder of Alpha common stock or Cliffs common shares or shares of Series A-2 preferred stock, you can change your vote by:

sending a written notice to the corporate secretary of the company in which you hold shares that is received prior to your special meeting and states that you revoke your proxy;

signing and delivering a new proxy card(s) bearing a later date;

voting again by telephone or over the Internet and submitting your proxy so that it is received prior to your special meeting; or

attending your special meeting and voting in person, although your attendance alone will not revoke your proxy.

If your shares are held in a street name account, you must contact your broker, bank or other nominee to change your vote.

Q: What if my shares are held in street name by my broker?

A: If a broker holds your shares for your benefit but not in your own name, your shares are in street name. In that case, your broker will send you a voting instruction form to use in voting your shares. The availability of telephone and Internet voting depends on your broker s voting procedures. Please follow the instructions on the voting instruction form they send you. If your shares are held in your broker s name and you wish to vote in person at your special meeting, you must contact your broker and request a document called a legal proxy. You must bring this legal proxy to your respective special meeting in order to vote in person.

Q: What if I don t provide my broker with instructions on how to vote?

A: Generally, a broker may only vote the shares that it holds for you in accordance with your instructions. However, if your broker has not received your instructions, your broker has the discretion to vote on certain matters that are considered routine. A broker non-vote occurs if your broker cannot vote on a particular matter because your broker has not received instructions from you and because the proposal is not routine. Broker non-votes could be counted in determining whether a quorum is present at the respective special meetings of Alpha stockholders and Cliffs shareholders. Nevertheless, since we do not anticipate that there will be any routine matters on the agenda for the respective special meetings of Alpha stockholders and Cliffs shareholders, we expect that there will be practical impediments that will prevent us from counting broker non-votes for purposes of a quorum at those special meetings.

Alpha Stockholders

If you wish to vote on the proposal to adopt the merger agreement, you must provide instructions to your broker because this proposal is not routine. If you do not provide your broker with instructions, your broker will not be authorized to vote with respect to adopting the merger agreement, and a broker non-vote will occur. This will have the same effect as a vote **against** the adoption of the merger agreement.

Cliffs Shareholders

If you wish to vote on the proposal to adopt the merger agreement and approve the issuance of Cliffs common shares pursuant to the merger agreement, you must provide instructions to your broker because this proposal is not routine. If you do not provide your broker with instructions, your broker will not be authorized to vote with respect to the adoption of the merger agreement and the issuance of Cliffs common shares, and a broker non-vote will occur. This will have the same effect as a vote **against** the adoption of the merger agreement and the issuance of Cliffs common shares.

Q: What if I abstain from voting?

A: Your abstention from voting will have the following effect:

If you are an Alpha stockholder:

Abstentions will be counted in determining whether a quorum is present at the special meeting. With respect to the proposal to adopt the merger agreement, abstentions will have the same effect as a vote **against** the proposal to adopt the merger agreement. With respect to the proposal to adjourn the special meeting, if necessary, to solicit further proxies in connection with the merger agreement adoption proposal, abstentions will have the same effect as a vote **against** the proposal to adjourn the Alpha special meeting.

If you are a Cliffs shareholder:

Abstentions will be counted in determining whether a quorum is present at the special meeting. With respect to the proposal to adopt the merger agreement and approve the issuance of Cliffs common shares pursuant to the merger agreement, abstentions will have the same effect as a vote **against** the proposal to adopt the merger agreement and approve the issuance of Cliffs common shares in connection with the merger. With respect to the proposal to adjourn or postpone the special meeting, if necessary, to solicit further proxies in connection with the merger agreement adoption and share issuance proposal, abstentions will have the same effect as a vote **against** the proposal to adjourn or postpone the Cliffs special meeting, whether a quorum is present or not.

Q: What does it mean if I receive multiple proxy cards?

A: Your shares may be registered in more than one account, such as brokerage accounts and 401(k) accounts. It is important that you complete, sign, date and return each proxy card or voting instruction card you receive or vote using the telephone or the Internet as described in the instructions included with your proxy card(s) or voting instruction card(s).

Q: Where can I find more information about Cliffs and Alpha?

A: You can find more information about Cliffs and Alpha from various sources described under Where You Can Find More Information beginning on page 239.

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SUMMARY

This summary highlights selected information from this joint proxy statement/prospectus and may not contain all of the information that is important to you. You should carefully read this entire document and the other documents to which this document refers to fully understand the merger and the related transactions. See Where You Can Find More Information beginning on page 239. Most items in this summary include a page reference directing you to a more complete description of those items.

Information about Cliffs

Founded in 1847, Cliffs is an international mining company, the largest producer of iron ore pellets in North America and a supplier of metallurgical coal to the global steelmaking industry. Cliffs operates six iron ore mines in Michigan, Minnesota and Eastern Canada, and three coking coal mines in West Virginia and Alabama. Cliffs also owns a majority control interest in Portman Limited, or Portman, a large iron ore mining company in Australia, serving the Asian iron ore markets with direct-shipping fines and lump ore. In addition, Cliffs has a 30 percent interest in MMX Amapá Mineração Limitada, a Brazilian iron ore project, which is referred to as Amapá, and a 45 percent economic interest in the Sonoma Coal Project, an Australian coking and thermal coal project, which is referred to as Sonoma. Cliffs principal executive offices are located at: 1100 Superior Avenue, Cleveland, Ohio 44114, and its telephone number is: (216) 694-5700.

Information about Alpha

Alpha is a leading Appalachian coal supplier. Alpha produces, processes and sells steam and metallurgical coal from eight regional business units, which, as of June 30, 2008, were supported by 32 active underground mines, 26 active surface mines and 11 preparation plants located throughout Virginia, West Virginia, Kentucky, and Pennsylvania, as well as a road construction business in West Virginia and Virginia that recovers coal. Alpha also sells coal produced by others, the majority of which Alpha processes and/or blends with coal produced from its mines prior to resale, providing Alpha with a higher overall margin for the blended product than if Alpha had sold the coals separately. Alpha s principal executive offices are located at: One Alpha Place, P.O. Box 2345, Abingdon, Virginia 24212, and its telephone number is: (276) 619-4410.

The Merger

On July 15, 2008, each of the boards of directors of Cliffs and Alpha approved the merger of merger sub, a newly formed and wholly-owned subsidiary of Cliffs, with and into Alpha, upon the terms and subject to the conditions contained in the merger agreement. Alpha will be the surviving company after the merger and will become a wholly-owned subsidiary of Cliffs. Under certain circumstances, the merger may be restructured so that merger sub will be converted from a Delaware corporation into a Delaware limited liability company, Alpha Merger Sub, LLC, and Alpha will merge with and into Alpha Merger Sub, LLC, with Alpha Merger Sub, LLC as the surviving company. The effects of the merger, if it is restructured in this way, are described in Annex G. Any such restructuring will not affect the merger consideration to be received by holders of Alpha common stock.

We encourage you to read the merger agreement, which governs the merger and is attached as Annex A to this joint proxy statement/prospectus, because it sets forth the terms of the merger.

***Merger Consideration* (page 83)**

In the merger, holders of Alpha common stock (other than shares of Alpha common stock held by any dissenting Alpha stockholder that has properly exercised appraisal rights in accordance with Delaware law, held in treasury by Alpha or owned by Cliffs) will be entitled to receive for each share of Alpha common stock (which will be cancelled in the merger):

$22.23 in cash, without interest; and

0.95 of a fully paid, nonassessable common share of Cliffs.

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As a result, Cliffs will issue approximately 70,000,000 common shares of Cliffs and pay approximately $1.7 billion in cash in the merger, based upon the number of shares of Alpha common stock outstanding on the record date for the Alpha special meeting. We refer to the share and cash consideration to be paid to Alpha stockholders by Cliffs as the merger consideration.

The total value of the merger consideration that an Alpha stockholder receives in the merger may vary. The value of the cash portion of the merger consideration is fixed at $22.23 for each share of Alpha common stock. The share portion of the merger consideration is similarly fixed at 0.95 of a common share of Cliffs to be exchanged for each share of Alpha common stock, but its value may vary due to changes in the market value of Cliffs common shares.

No fractional common shares of Cliffs will be issued in the merger. Any holder of Alpha common stock that would otherwise be entitled to receive fractional common shares of Cliffs as a result of the exchange of Alpha common stock for Cliffs common shares will receive, in lieu of any fractional shares, an amount in cash, without interest, equal to the fractional share interest multiplied by the closing price for a common share of Cliffs as reported on the NYSE Composite Transactions Reports as of the closing date of the merger or, if such date is not a trading day, the trading day immediately preceding the closing date of the merger.

Financing of the Merger ***(page 94)***

Cliffs will fund the cash portion of the merger consideration with cash from committed debt financing in the form of a senior unsecured term loan facility for up to $1.9 billion and cash from operations.

Alpha s Reasons for the Merger ***(beginning on page 59)***

In reaching its decision to approve the merger agreement and recommend the merger to its stockholders, the Alpha board of directors consulted with Alpha s management, as well as Alpha s legal and financial advisors, and considered a number of factors, including those listed in The Merger Alpha s Reasons for the Merger and Recommendation of Alpha s Board of Directors beginning on page 59.

Cliffs Reasons for the Merger ***(beginning on page 62)***

In reaching its decision to approve the merger agreement and the transactions contemplated by the merger agreement and to recommend that Cliffs shareholders adopt the merger agreement and approve the issuance of Cliffs common shares in connection with the merger, the Cliffs board of directors consulted with Cliffs management, as well as Cliffs legal and financial advisors, and considered a number of factors, including those listed in The Merger Cliffs Reasons for the Merger and Recommendation of Cliffs Board of Directors beginning on page 62.

Effect of the Merger on Alpha Equity Awards ***(page 108)***

In general, upon completion of the merger, options to purchase shares of Alpha common stock will be converted into options to purchase common shares of Cliffs. Cliffs has agreed to assume each of Alpha s stock option plans at the effective time of the merger. Each unvested Alpha stock option outstanding under any Alpha stock option plan will become fully vested and exercisable in connection with the merger.

Restricted shares of Alpha common stock granted by Alpha to its employees and directors will become fully vested in connection with the merger and the holders thereof will be entitled to receive the merger consideration with respect to such vested shares upon completion of the merger.

Performance shares of Alpha common stock granted by Alpha to its employees will vest according to the terms of the applicable performance share agreement, and the holder of each performance share agreement will be entitled to receive an amount in cash equal to the product of (i) the sum of (A) $22.23 plus (B) the product of 0.95 multiplied by the closing price for a common share of Cliffs as reported on the NYSE Composite Transactions Reports on the closing date of the merger or, if such date is not a trading day, the trading day immediately preceding the closing date of the merger, multiplied by (ii) the number of shares of Alpha common stock that would be issuable under such performance share agreement.

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For a full description of the treatment of Alpha equity awards, see The Merger Agreement Covenants and Agreements Effect of the Merger on Alpha Equity Awards on page 108.

Recommendations of the Boards of Directors to Alpha Stockholders and Cliffs Shareholders

Alpha Stockholders. The Alpha board of directors believes that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable and fair to, and in the best interests of, Alpha and its stockholders and has approved the merger agreement and the transactions contemplated by the merger agreement, including the merger. The Alpha board of directors has resolved to recommend that Alpha stockholders vote **for** the adoption of the merger agreement.

Cliffs Shareholders. The Cliffs board of directors believes that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable and fair to, and in the best interests of, Cliffs and its shareholders and has approved the merger agreement and the transactions contemplated by the merger agreement, including the merger. The Cliffs board of directors has resolved to recommend that Cliffs shareholders vote **for** the adoption of the merger agreement and the approval of the issuance of Cliffs common shares pursuant to the merger agreement.

Opinions of Financial Advisors (beginning on page 64 for Alpha s financial advisor and page 76 for Cliffs financial advisor)

Opinion of Alpha s Financial Advisor. In deciding to approve the merger agreement, the Alpha board of directors considered the oral opinion of Citigroup Global Markets Inc., which is referred to as Citi, financial advisor to the Alpha board of directors, delivered on July 15, 2008, which was subsequently confirmed in writing on the same date, to the effect that, as of the date of the opinion and based upon and subject to the considerations and limitations set forth in the opinion, its work described below and other factors it deemed relevant, the merger consideration was fair, from a financial point of view, to the holders of Alpha common stock. The full text of Citi s opinion, which sets forth the assumptions made, general procedures followed, matters considered and limits on the review undertaken, is included as Annex B to this joint proxy statement/prospectus. Holders of Alpha common stock are urged to read the Citi opinion carefully and in its entirety, as well as the information set forth under Risk Factors beginning on page 27. Citi provided its opinion for the information and assistance of the Alpha board of directors in connection with its consideration of the merger. Neither Citi s opinion nor the related analyses constituted a recommendation of the proposed merger to the Alpha board of directors. Citi makes no recommendation to any stockholder regarding how such stockholder should vote with respect to the merger. For its services to date, Citi has been paid a customary fee, and will be entitled to receive a transaction fee upon the completion of the merger. In addition, in the event that the merger is not completed and Alpha receives termination or break-up fees, Citi will be entitled to a portion of such fees.

Opinion of Cliffs Financial Advisor. In connection with the merger, the Cliffs board of directors retained J.P. Morgan Securities Inc., which is referred to as J.P. Morgan, as its financial advisor. In deciding to approve the merger, the Cliffs board of directors considered the oral opinion of J.P. Morgan provided to the Cliffs board of directors on July 15, 2008, subsequently confirmed in writing on the same date, that, as of the date of the opinion and based upon and subject to the various factors and assumptions set forth in the written opinion, the consideration to be paid by Cliffs to Alpha stockholders in the proposed merger was fair, from a financial point of view, to Cliffs. The full text of J.P. Morgan s written opinion, dated July 15, 2008, is attached to this joint proxy statement/prospectus as Annex C. Cliffs shareholders are urged to read the J.P. Morgan opinion carefully in its entirety for a description of, among other things, the assumptions made, general procedures followed, matters considered and limitations on the scope of the review undertaken by J.P. Morgan in conducting its financial analysis and rendering its opinion. J.P. Morgan s opinion is addressed to the Cliffs board of directors and is one of many factors considered by the Cliffs board of directors in deciding to approve the transactions contemplated by the merger agreement. J.P. Morgan provided its opinion for the information and assistance of the Cliffs board of directors in connection with its consideration of the merger, and the opinion does not constitute a recommendation to any holder of Alpha common stock or Cliffs common shares as to how that holder should vote or act on any matter relating to the merger. For its services, J.P. Morgan will be entitled to receive a transaction fee, the principal portion of which is payable upon the completion of the merger. In addition, in the event Alpha pays a break-up fee or other payment to Cliffs following or in connection with the termination, abandonment or failure to consummate the merger, J.P. Morgan will be entitled to a portion of such fee or other payment.

Record Date; Outstanding Shares; Shares Entitled to Vote (page 40 for Alpha and page 44 for Cliffs)

Alpha Stockholders. The record date for the meeting of Alpha stockholders is October 10, 2008. This means that you must have been a stockholder of record of Alpha s common stock at the close of business on October 10, 2008, in order to vote at the special meeting. You are entitled to one vote for each share of common stock you own. On Alpha s record date, there were 70,495,814 shares of common stock (no shares of treasury stock) outstanding and entitled to vote at the special meeting.

Cliffs Shareholders. The record date for the meeting of Cliffs shareholders is October 6, 2008. This means that you must have been a shareholder of record of Cliffs common shares or Series A-2 preferred stock at the close of business on October 6, 2008, in order to vote at the special meeting. You are entitled to one vote for each common share or share of Series A-2 preferred stock you own. On Cliffs record date, Cliffs voting securities carried 113,502,668 votes, which consisted of 113,502,463 common shares (excluding 21,121,065 shares of treasury stock) and 205 shares of Series A-2 preferred stock.

Stock Ownership of Directors and Executive Officers (page 83 for Alpha and Cliffs)

Alpha. At the close of business on the record date for the Alpha special meeting, directors and executive officers of Alpha beneficially owned and were entitled to vote approximately 651,036 shares of Alpha common stock, collectively representing 0.92% of the shares of Alpha common stock outstanding on that date.

Cliffs. At the close of business on the record date for the Cliffs special meeting, directors and executive officers of Cliffs beneficially owned and were entitled to vote approximately 1,574,181 common shares of Cliffs, collectively representing approximately 1.39% of the common shares of Cliffs outstanding on that date. Directors and executive officers of Cliffs did not hold any shares of Series A-2 preferred stock as of the close of business on the record date.

Ownership of the Combined Company After the Merger (beginning on page 83)

Based on the number of common shares of Cliffs and shares of Alpha common stock outstanding on their respective record dates, and assuming that Cliffs will issue approximately 70,000,000 common shares of Cliffs in the merger, after the merger, former Alpha stockholders are expected to own approximately 37% of the then-outstanding common shares of Cliffs.

Interests of Alpha Directors and Executive Officers in the Merger (beginning on page 84)

Alpha s executive officers and members of the Alpha board of directors, in their capacities as such, may have financial interests in the merger that are in addition to or different from their interests as stockholders of Alpha generally. Alpha s board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement and the transactions contemplated thereby.

Listing of Cliffs Common Shares and Delisting of Alpha Common Stock (page 87)

Application will be made to have the common shares of Cliffs issued in the merger approved for listing on the NYSE, where Cliffs common shares currently are traded under the symbol CLF. If the merger is completed, Alpha common stock will no longer be listed on the NYSE and will be deregistered under the Securities Exchange Act of 1934, as amended, which is referred to as the Exchange Act, and Alpha may no longer file periodic reports with the SEC.

Appraisal Rights of Alpha Stockholders (beginning on page 88)

Holders of Alpha common stock who do not wish to accept the consideration payable pursuant to the merger may seek, under Section 262 of the General Corporation Law of the State of Delaware, which we refer to as the DGCL, judicial appraisal of the fair value of their shares by the Delaware Court of Chancery. This value could be more than, less than or the same as the merger consideration for the Alpha common stock. Failure to strictly comply with all the procedures required by Section 262 of the DGCL will result in a loss of the right to appraisal.

Merely voting against adoption of the merger agreement will not preserve the right of Alpha stockholders to appraisal under Delaware law. Also, because a submitted proxy not marked against or abstain will be voted for the proposal to adopt the merger agreement, the submission of a proxy not marked against or abstain will result in the waiver of appraisal rights. Alpha stockholders who hold shares in the name of a broker or other nominee must instruct their nominee to take the steps necessary to enable them to demand appraisal for their shares.

Annex D to this joint proxy statement/prospectus contains the full text of Section 262 of the DGCL, which relates to the rights of appraisal. We encourage you to read these provisions carefully and in their entirety.

Dissenters Rights of Cliffs Shareholders (beginning on page 91)

Cliffs shareholders who (1) are record holders of the Cliffs shares as of the record date; (2) do not vote to adopt the merger agreement and approve the issuance of Cliffs common shares in the merger, and (3) deliver a written demand for payment of the fair cash value of their Cliffs shares not later than ten days after the Cliffs special meeting, will be entitled, if and when the merger is completed, to receive the fair cash value of their Cliffs shares. The right as a Cliffs shareholder to receive the fair cash value of Cliffs shares, however, is contingent upon strict compliance by the dissenting Cliffs shareholder with the procedures set forth in Section 1701.85 of the Ohio General Corporation Law. If you wish to submit a written demand for payment of the fair cash value of your Cliffs shares, you should deliver your demand no later than , 2008.

Annex E to this joint proxy statement/prospectus contains the full text of Section 1701.85 of the Ohio General Corporation Law, which relates to the dissenters rights of Cliffs shareholders. We encourage you to read these provisions carefully and in their entirety.

Conditions to Completion of the Merger (page 93)

Completion of the merger depends on a number of conditions being satisfied or waived. These conditions include the following:

- adoption of the merger agreement by the Alpha stockholders at the Alpha special meeting;

- adoption of the merger agreement and approval of the issuance of Cliffs common shares pursuant to the terms of the merger agreement by the Cliffs shareholders at the Cliffs special meeting;

- the waiting period (including any extension thereof) applicable to the consummation of the merger under the Hart-Scott-Rodino Act, which is referred to as the HSR Act, must have expired or been terminated, and antitrust clearance in Turkey must have been obtained;

- making or obtaining consents, approvals, and actions of, filings with and notices to, the governmental entities required to consummate the merger and the other transactions contemplated by the merger agreement, the failure of which to be made or obtained is reasonably expected to have or result in a material adverse effect on Cliffs or Alpha;

- absence of any order or law of any governmental authority preventing the consummation of the merger;

approval for listing on the NYSE, upon official notice of issuance, of Cliffs common shares to be issued in connection with the merger;

continued effectiveness of the registration statement of which this joint proxy statement/prospectus is a part and the absence of any stop order or proceeding seeking a stop order by the SEC suspending the effectiveness of the registration statement;

accuracy of each party s representations and warranties in the merger agreement, except as would not reasonably be expected to have or result in a material adverse effect on the party making the representations;

performance in all material respects of each party s covenants set forth in the merger agreement required to be performed by it at or prior to the closing date of the merger; and

delivery by both parties of customary officer s certificates and tax opinions.

Antitrust Clearances (page 93)

The completion of the merger is subject to compliance with the HSR Act. The notifications required under the HSR Act to the U.S. Federal Trade Commission, which is referred to as the FTC, and the Antitrust Division of the U.S. Department of Justice, which is referred to as the Antitrust Division, were filed on July 25, 2008. On August 22, 2008, the FTC granted an early termination of the waiting period under the HSR Act without the imposition of any conditions or restrictions on the consummation of the merger.

In addition, Cliffs and Alpha were required to submit a pre-merger notification in Turkey and obtain antitrust clearance from the Turkish Competition Authority. The pre-merger notification in Turkey was submitted on August 19, 2008, and the antitrust clearance was granted by the Turkish Competition Authority effective as of September 11, 2008.

Termination of the Merger Agreement (beginning on page 111)

Cliffs and Alpha may agree in writing to terminate the merger agreement at any time without completing the merger, even after the Alpha stockholders have approved the adoption of the merger agreement and the Cliffs shareholders have adopted the merger agreement and approved the issuance of Cliffs common shares in connection with the merger.

The merger agreement may also be terminated at any time before the effective time of the merger under the following circumstances, among others:

by either Cliffs or Alpha if:

the merger is not consummated by January 15, 2009, which date can be extended under certain circumstances to April 15, 2009 (we refer to such date, as possibly extended, as the outside date), unless the failure to consummate the merger by the outside date is the result of a breach of the merger agreement by the party seeking the termination or if such party has not yet held its special meeting of shareholders;

the shareholders of Cliffs have voted and failed to adopt the merger agreement and approve the issuance of common shares of Cliffs pursuant to the merger agreement;

the Alpha stockholders have voted and failed to adopt the merger agreement; or

the other party breaches its representations or warranties or breaches or fails to perform its covenants set forth in the merger agreement, which breach or failure to perform results in a failure of certain of the conditions to the completion of the merger being satisfied and such breach or failure to perform is not cured within 30 days after the receipt of written notice thereof or is incapable of being cured by the outside date; or

by Alpha if:

prior to the receipt of its stockholders approval of the proposal to adopt the merger agreement, Alpha (i) receives an unsolicited written proposal after the date of the merger agreement concerning a business combination or acquisition of Alpha that the Alpha board of directors determines in its good faith judgment constitutes, or would reasonably be expected to lead to, a proposal that is more favorable to the Alpha stockholders than the transactions contemplated by the merger agreement, (ii) the Alpha board of directors determines in good faith that failure to take such action would be reasonably likely to be a violation of its fiduciary duties to Alpha stockholders under applicable Delaware law, (iii) provides Cliffs with a written notice that it intends to take such action, (iv) satisfies the conditions for withdrawing (or modifying in a manner adverse to Cliffs) the recommendation by its board of directors of the merger or recommending such superior proposal, and (v) concurrently with the termination of the merger agreement, enters into an acquisition agreement with a third party providing for the implementation of the transactions contemplated by such superior proposal; provided that Alpha pays a $350 million termination fee to Cliffs and such superior proposal did not result from Alpha s breach of its non-solicitation obligations under the merger agreement;

Cliffs materially breaches its covenants to convene the Cliffs special meeting or breaches its obligations to recommend that the Cliffs shareholders vote in favor of the adoption of the merger agreement and the issuance of common shares in connection with the merger; or

the Cliffs board of directors or any committee thereof (i) withdraws or modifies, or publicly proposes to withdraw or modify, its recommendation that Cliffs shareholders adopt the merger agreement and approve the issuance of Cliffs common shares in connection with the merger, or (ii) recommends, adopts or approves, or proposes publicly to recommend, adopt or approve certain transactions involving Cliffs; or

by Cliffs if:

Alpha materially breaches its obligations not to solicit alternative takeover proposals or materially breaches its covenants to convene the Alpha special meeting or breaches its obligations to recommend that the Alpha stockholders vote in favor of the adoption of the merger agreement; or

the Alpha board of directors or any committee thereof (i) withdraws or adversely modifies or publicly proposes to withdraw or adversely modify, its recommendation of the merger agreement and the transactions contemplated by the merger agreement, including the merger, or (ii) recommends, adopts or approves, or proposes publicly to recommend, adopt or approve a takeover proposal other than the merger agreement.

Termination Fees (beginning on page 113)

In connection with the termination of the merger agreement in certain circumstances involving a takeover proposal by a third party for Alpha, a change of the Alpha board of directors recommendation to the Alpha stockholders in favor of the adoption of the merger agreement, or certain breaches of the merger agreement by Alpha, Alpha will be required to pay Cliffs a termination fee of $350 million. Similarly, in connection with the termination of the merger agreement in certain circumstances involving certain alternative transactions for Cliffs, a change of the Cliffs board of directors recommendation to the Cliffs shareholders in favor of the adoption of the merger agreement and the approval of the issuance of Cliffs common shares in connection with the merger, or certain breaches of the merger agreement by Cliffs, Cliffs will be required to pay Alpha a termination fee of $350 million.

Furthermore, each party will have to pay a termination fee of $100 million to the other party if its stockholders or shareholders, as applicable, voting at their respective special meetings, fail to approve the adoption of the merger agreement (in the case of Alpha) or the adoption of the merger agreement and the approval of the issuance of common shares of Cliffs in connection with the merger (in the case of Cliffs), but no such fee will be payable by such party if the shareholders of both parties, voting at their respective special meetings, fail to make such approvals.

Material United States Federal Income Tax Consequences (beginning on page 94)

Cliffs and Alpha intend for the merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, or the Code. If the merger qualifies as a reorganization, the U.S. federal income tax consequences to Alpha stockholders generally will be as follows: Alpha stockholders will generally recognize gain only to the extent of the cash consideration that they receive, and will not recognize any loss.

Tax matters are complicated, and the tax consequences of the merger to each Alpha stockholder will depend on the facts of each shareholder s situation. Alpha stockholders are urged to read carefully the discussion in the section titled Material United States Federal Income Tax Consequences beginning on page 94 and to consult their own tax advisors for a full understanding of the tax consequences of their participation in the merger.

Accounting Treatment (page 94)

The merger will be accounted for as a business combination using the purchase method of accounting. Cliffs will be the acquirer for financial accounting purposes.

Risks

In evaluating the merger, the merger agreement or the issuance of Cliffs common shares in the merger, you should carefully read this joint proxy statement/prospectus and especially consider the factors discussed in the section titled Risk Factors beginning on page 27.

Comparison of Rights of Shareholders (beginning on page 217)

As a result of the merger, the holders of Alpha common stock will become holders of Cliffs common shares and their rights will be governed by the Ohio General Corporation Law and by Cliffs amended articles of incorporation and regulations. Following the merger, Alpha stockholders will have different rights as shareholders of Cliffs than as stockholders of Alpha.

Some of the material differences in the rights of Alpha stockholders and Cliffs shareholders include, but are not limited to, the following:

- subject to certain exceptions, amendments to Alpha s certificate of incorporation require approval by Alpha s board of directors and holders of a majority of the voting power of the corporation (or, in cases in which class voting is required, by holders of a majority of the voting power of such class), while amendments to the Cliffs articles of incorporation require approval by holders of two-thirds of the voting power of the corporation (or, in cases in which class voting is required, by holders of two-thirds of the voting power of such class);

- the Alpha bylaws may be amended and repealed by the Alpha board of directors, while the Cliffs board of directors does not have the power to amend or repeal the Cliffs regulations;

- while the Alpha stockholders do not have the right to vote cumulatively in the election of Alpha s directors, the Cliffs shareholders, in contrast, may vote cumulatively in the election of Cliffs directors; and

- while any action by Alpha stockholders without a meeting requires written consent of holders of not less than the minimum number of votes otherwise required to authorize or take such action at a meeting of the Alpha stockholders, generally, the Cliffs shareholders may take action without a meeting only by unanimous written consent of all shareholders entitled to vote at such meeting.

The foregoing list is not intended to be exhaustive, but, rather serves as an illustration of some of the material differences in the rights of Alpha stockholders and Cliffs shareholders. For further discussion of the material differences between the rights of Alpha stockholders and Cliffs shareholders, please see Comparison of Rights of Shareholders beginning on page 217.

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FINANCIAL SUMMARY

Cliffs Market Price Data and Dividends

Cliffs common shares are traded on the NYSE under the symbol CLF. The following table shows the high and low sales prices at any time during the period indicated for Cliffs common shares as reported on the NYSE. For current price information, you are urged to consult publicly available sources.

On May 9, 2006, the board of directors of Cliffs approved a two-for-one stock split of its common shares. The record date for the stock split was June 15, 2006 with a distribution date of June 30, 2006. On March 11, 2008, the board of directors of Cliffs declared a two-for-one stock split of its common shares. The record date for the stock split was May 1, 2008 with a distribution date of May 15, 2008. Accordingly, unless indicated otherwise, all Cliffs common share and per share amounts in this joint proxy statement/prospectus that relate to dates prior to the stock splits have been adjusted retroactively to reflect the stock splits.

	Price Range of Common shares		
Fiscal Year Ended	**High**	**Low**	**Dividends Paid**
December 31, 2006:			
First Quarter	$ 27.59	$ 20.13	$ 0.05
Second Quarter	25.22	15.70	0.0625
Third Quarter	20.05	16.58	0.0625
Fourth Quarter	24.74	18.42	0.0625
December 31, 2007:			
First Quarter	32.42	23.00	0.0625
Second Quarter	46.03	32.10	0.0625
Third Quarter	45.00	28.20	0.0625
Fourth Quarter	53.15	36.75	0.0625
December 31, 2008:			
First Quarter	63.89	38.63	0.0875
Second Quarter	121.95	57.32	0.0875
Third Quarter	118.10	42.16	0.0875
Fourth Quarter (through October 14, 2008)	53.30	25.38	

In addition, on September 9, 2008, Cliffs declared a regular quarterly cash dividend of $0.0875 per Cliffs common share that will be payable on December 1, 2008 to Cliffs shareholders of record as of the close of business on November 14, 2008.

The last reported sales prices of Cliffs common shares on the NYSE on July 15, 2008 and October 14, 2008 were $111.46 and $32.67, respectively. July 15, 2008 was the last full trading day prior to the public announcement of the merger. October 14, 2008 was the last full trading day prior to the filing of this joint proxy statement/prospectus with the SEC.

The Cliffs board of directors has the power to determine the amount and frequency of the payment of dividends. Decisions regarding whether or not to pay dividends and the amount of any dividends are based on compliance with the Ohio General Corporation Law, compliance with agreements governing Cliffs indebtedness, earnings, cash requirements, results of operations, cash flows, financial condition and other factors that the board of directors considers important. While Cliffs intends to maintain dividends at this level for the foreseeable future, it cannot assure that it will continue to pay dividends at this level, or at all.

Under the merger agreement, Cliffs has agreed that, until the effective time of the merger, it will not declare, set aside or pay any dividends on, or make any other distributions in respect of, any of its capital stock, other than regular quarterly cash dividends with respect to Cliffs common shares not in excess of $0.25 per share and Series A-2 preferred stock in accordance with the terms thereof.

Alpha Market Price Data and Dividends

Alpha common stock is traded on the NYSE under the symbol ANR. The following table shows the high and low sales prices at any time during the period indicated for Alpha common stock on the NYSE. For current price information, you are urged to consult publicly available sources.

Fiscal Year Ended	Price Range of Common Stock High	Price Range of Common Stock Low
December 31, 2006:		
First Quarter	$ 23.60	$ 19.25
Second Quarter	27.46	17.88
Third Quarter	20.18	14.41
Fourth Quarter	17.07	14.09
December 31, 2007:		
First Quarter	15.85	12.32
Second Quarter	21.07	15.43
Third Quarter	23.50	15.92
Fourth Quarter	35.20	22.78
December 31, 2008:		
First Quarter	44.58	21.92
Second Quarter	108.73	40.05
Third Quarter	119.30	42.68
Fourth Quarter (through October 14, 2008)	50.69	28.05

The last reported sales prices Alpha common stock on the NYSE on July 15, 2008, and October 14, 2008 were $94.92 and $38.41, respectively. July 15, 2008 was the last full trading day prior to the public announcement of the merger. October 14, 2008 was the last full trading day prior to the filing of this joint proxy statement/prospectus with the SEC.

The Alpha board of directors has the power to determine the amount and frequency of the payment of dividends. Decisions regarding whether or not to pay dividends and the amount of any dividends are based on compliance with the DGCL, compliance with agreements governing Alpha s indebtedness, earnings, cash requirements, results of operations, cash flows, financial condition and other factors that the board of directors considers important. Alpha does not currently pay dividends. While Alpha anticipates that if the merger were not consummated it would continue not to pay dividends, it cannot assure that is the case. Under the merger agreement, until the closing of the merger Alpha is not permitted to declare, set aside or pay any dividends on, or make any other distributions in respect of, any of its capital stock.

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Selected Historical Consolidated Financial Data of Cliffs

The following table shows selected historical financial data for Cliffs. The selected financial data as of December 31, 2007, 2006, 2005, 2004, and 2003 and for each of the five years then ended were derived from the audited historical consolidated financial statements and related footnotes of Cliffs. The data as of and for the six months ended June 30, 2008 and 2007 were derived from Cliffs unaudited condensed consolidated financial statements. In the opinion of management, the unaudited financial information as of and for the six months ended June 30, 2008 and 2007 includes all adjustments, consisting of normal and recurring adjustments, necessary to present fairly the data for such periods. The operating results for the six months ended June 30, 2008 are not necessarily indicative of results for the full year ending December 31, 2008.

Detailed historical financial information is included in the audited consolidated statements of financial position as of December 31, 2007 and 2006, and the related consolidated statements of operations, shareholders equity and cash flows for each of the years in the three-year period ended December 31, 2007 and the unaudited condensed consolidated statements of financial position as of June 30, 2008 and the related unaudited condensed consolidated statements of operations and cash flows for the six-month periods ended June 30, 2008 and 2007 included elsewhere in this joint proxy statement/prospectus. You should read the following selected financial data together with Cliffs historical consolidated financial statements, including the related notes.

	Six Months Ended June 30,		Year Ended December 31,				
	2008(b)	2007	2007(a)	2006	2005(b)	2004	2003
	(In millions, except per share data)						
Financial Data:							
Revenue from product sales and services	$ 1,503.1	$ 873.1	$ 2,275.2	$ 1,921.7	$ 1,739.5	$ 1,203.1	$ 825.1
Cost of goods sold and operating expenses	(994.3)	(681.7)	(1,813.2)	(1,507.7)	(1,350.5)	(1,053.6)	(835.0)
Other operating income (expense)	(56.6)	(30.6)	(80.4)	(48.3)	(32.5)	(31.9)	(38.4)
Operating income (loss)	452.2	160.8	381.6	365.7	356.5	117.6	(48.3)
Income (loss) from continuing operations	287.2	119.4	269.8	279.8	273.2	320.2	(34.9)
Income (loss) from discontinued operations			0.2	0.3	(0.8)	3.4	
Income (loss) before extraordinary gain and cumulative effect of accounting change	287.2	119.4	270.0	280.1	272.4	323.6	(34.9)
Extraordinary gain(g)							2.2
Cumulative effect of accounting changes(c)					5.2		

Net income (loss)	287.2	119.4	270.0	280.1	277.6	323.6	(32.7)
Preferred stock dividends	(1.3)	(2.8)	(5.2)	(5.6)	(5.6)	(5.3)	
Income (loss) applicable to common shares	285.9	116.6	264.8	274.5	272.0	318.3	(32.7)
Earnings (loss) per common share basic(d)(e)(f) Continuing operations	3.04	1.43	3.19	3.26	3.08	3.70	(.43)
Discontinued operations					(.01)	.04	
Cumulative effect of accounting changes and extraordinary gain					.06		.03
Earnings (loss) per common share	3.04	1.43	3.19	3.26	3.13	3.74	(.40)
Earnings (loss) per common share diluted(d)(e)(f)							
Continuing operations	2.73	1.14	2.57	2.60	2.46	2.92	(.43)
Discontinued operations					(.01)	.03	
Cumulative effect of accounting changes and extraordinary gain					.05		.03
Earnings (loss) per common share diluted(d)(e)(f)	2.73	1.14	2.57	2.60	2.50	2.95	(.40)
Total assets	$ 4,046.9	$ 2,221.0	$ 3,075.8	$ 1,939.7	$ 1,746.7	$ 1,232.3	$ 881.6
Debt obligations effectively serviced	774.8	158.6	505.8	47.2	49.6	9.1	34.6
Net cash from (used by) operating activities	82.9	(37.7)	288.9	428.5	514.6	(141.4)	42.7
Series A-2 preferred stock	19.6	172.3	134.7	172.3	172.5	172.5	
Distributions to preferred shareholders cash dividends	1.3	2.8	5.5	5.6	5.6	5.3	
Distributions to common shareholders cash dividends							
Per share(d)(e)(f)	.18	.13	.25	.24	.15	.03	
Total	16.9	10.2	20.9	20.2	13.1	2.2	
Repurchases of common shares		2.2	2.2	121.5		6.5	

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	Six Months Ended June 30,		**Year Ended December 31,**				
	2008(b)	**2007**	**2007(a)**	**2006**	**2005(b)**	**2004**	**2003**
	(In millions, except per share data)						
Iron ore and coal production and sales statistics (tons in millions North America; tonnes in millions Asia-Pacific)							
Production tonnage North American iron ore	18.0	16.9	34.6	33.6	35.9	34.4	30.3
North American coal	1.7		1.1				
Asia-Pacific iron ore	4.0	4.2	8.4	7.7	5.2		
Production tonnage North American iron ore (Cliffs share)	11.5	10.8	21.8	20.8	22.1	21.7	18.1
Sales tonnage North American iron ore	8.2	7.9	22.3	20.4	22.3	22.6	19.2
North American coal	1.6		1.2				
Asia-Pacific iron ore	3.9	4.1	8.1	7.4	4.9		
Common shares outstanding (millions)(d)(e)(f)							
Average for period	94.0	81.4	83.0	84.1	86.9	85.2	82.0
At period end	102.6	82.0	87.2	81.8	87.6	86.4	84.0

(a) On July 31, 2007, Cliffs completed the acquisition of Cliffs North American Coal LLC (formerly PinnOak), a producer of high-quality, low-volatile metallurgical coal. Results for 2007 include PinnOak s results since the acquisition.

(b) On April 19, 2005, Cliffs completed the acquisition of 80.4 percent of Portman, an iron ore mining company in Australia. The acquisition was initiated on March 31, 2005 by the purchase of approximately 68.7 percent of Portman s outstanding shares. Results for 2005 include Portman s results since the acquisition. On May 21, 2008, Portman authorized a tender offer to repurchase up to 16.5 million shares, or 9.39 percent of its common stock, and as a result of the repurchase of shares pursuant to the tender offer, Cliffs ownership interest in Portman increased from 80.4 percent to 85.2 percent on June 24, 2008. See Information about Cliffs Business Strategic Transformation on page 116.

(c) Effective January 1, 2005, Cliffs adopted Emerging Issues Task Force, or EITF, 04-6, Accounting for Stripping Costs Incurred during Production in the Mining Industry .

(d) On March 11, 2008, the Cliffs board of directors declared a two-for-one stock split of Cliffs common shares. The record date for the stock split was May 1, 2008 with a distribution date of May 15, 2008. Accordingly, all common shares and per share amounts for all periods presented have been adjusted retroactively to reflect the stock split.

(e) On May 9, 2006, the board of directors of Cliffs approved a two-for-one stock split of its common shares. The record date for the stock split was June 15, 2006 with a distribution date of June 30, 2006. Accordingly, all common shares and per share amounts for all periods presented have been adjusted retroactively to reflect the stock split.

(f) On November 9, 2004, the board of directors of Cliffs approved a two-for-one stock split of its common shares. The record date for the stock split was December 15, 2004, with a distribution date of December 31, 2004.

Accordingly, all common shares and per share amounts for all periods presented have been adjusted retroactively to reflect the stock split.

(g) In 2003, Cliffs recognized a $2.2 million extraordinary gain in conjunction with the acquisition of the assets of Eveleth Mines; $3.3 million acquisition and startup costs for this same mine, renamed United Taconite LLC, which is referred to as United Taconite, and $8.7 million of restructuring charges related to a salaried employee reduction program.

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Selected Historical Consolidated Financial Data of Alpha

The following table shows selected historical financial and other data for Alpha. The selected financial data as of December 31, 2007, 2006, and 2005, and for the years then ended has been derived from the audited consolidated financial statements and related footnotes of Alpha. The selected historical financial data as of December 31, 2004 and for the year then ended has been derived from the combined financial statements of ANR Fund IX Holdings, L.P. and Alpha NR Holding, Inc. and subsidiaries (the owners of a majority of the membership interests of ANR Holdings, LLC prior to the February 11, 2005 restructuring) and the related notes, which are not included or incorporated by reference in this joint proxy statement/prospectus. The selected historical financial data as of December 31, 2003 and for the year then ended has been derived from the audited combined balance sheet of ANR Fund IX Holdings, L.P. and Alpha NR Holding, Inc. and subsidiaries, which are not included or incorporated by reference in this joint proxy statement/prospectus. The data as of and for the six months ended June 30, 2008 and 2007 has been derived from Alpha s unaudited condensed consolidated financial statements included in Alpha s quarterly report on Form 10-Q for the period ended June 30, 2008 incorporated by reference in this joint proxy statement/prospectus and, in the opinion of Alpha s management, includes all adjustments, consisting of normal and recurring adjustments, necessary to present fairly the data for such periods. The operating results for the six months ended June 30, 2008 are not necessarily indicative of results for the full year ending December 31, 2008.

Detailed historical financial information included in the audited consolidated balance sheets as of December 31, 2007 and 2006, and the related consolidated statements of income, stockholders equity and partners capital and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2007, are included in Alpha s Annual Report on Form 10-K for the fiscal year ended December 31, 2007 and incorporated by reference in this joint proxy statement/prospectus. You should read the following selected financial data together with Alpha s historical consolidated financial statements, including the related notes, and the other information contained or incorporated by reference in this joint proxy statement/prospectus. See Where You Can Find More Information beginning on page 239.

Prior period coal revenues and cost of coal sales have been reclassified to exclude changes in the fair value of coal and diesel fuel derivatives contracts to conform to current year presentation. These reclassification adjustments had no effect on previously reported income from operations or net income.

			Alpha Natural Resources, Inc. and Subsidiaries			ANR Fund IX Holdings, L.P. and Alpha NR Holding, Inc. and Subsidiaries	
	Six Months Ended June 30,		Year Ended December 31,				
	2008	2007	2007	2006	2005	2004	2003
	(In thousands, except per share and per ton data)						
Statement of Operations Data:							
Revenues:							
Coal revenues	$ 1,077,555	$ 767,362	$ 1,647,505	$ 1,681,434	$ 1,413,174	$ 1,079,981	$ 694,596
	145,187	84,799	205,086	188,366	185,555	141,100	73,800

Freight and handling revenues							
Other revenues	26,385	13,778	33,241	34,743	27,926	28,347	13,453
Total revenues	1,249,127	865,939	1,885,832	1,904,543	1,626,655	1,249,428	781,849
Costs and expenses:							
Cost of coal sales (exclusive of items shown separately)	824,635	635,204	1,371,519	1,346,733	1,184,092	920,359	626,265
Increase in fair value of derivative instruments, net	(23,200)	(840)	(8,926)	(402)			
Freight and handling costs	145,187	84,799	205,086	188,366	185,555	141,100	73,800
Cost of other revenues	23,125	10,396	25,817	22,982	23,675	22,994	12,488
Depreciation and amortization	89,170	73,644	159,579	140,851	73,122	55,261	35,385
Selling, general and administrative expense (exclusive of depreciation and amortization shown separately above)	36,086	27,221	58,605	67,952	88,132	40,607	21,926
Total costs and expenses	1,095,003	830,424	1,811,680	1,766,482	1,554,576	1,180,321	769,864
Income from operations	154,124	35,515	74,152	138,061	72,079	69,107	11,985

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	Six Months Ended June 30,		Alpha Natural Resources, Inc. and Subsidiaries			ANR Fund IX Holdings, L.P. and Alpha NR Holding, Inc. and Subsidiaries	
			Year Ended December 31,				
	2008	2007	2007	2006	2005	2004	2003
	(In thousands, except per share and per ton data)						
Other income (expense):							
Interest expense	(27,184)	(20,023)	(40,215)	(41,774)	(29,937)	(20,041)	(7,848)
Interest income	3,023	1,094	2,340	839	1,064	531	103
Loss on early extinguishment of debt	(14,669)						
Miscellaneous income (expense)	2	554	(93)	523	91	722	574
Total other income (expense), net	(38,828)	(18,375)	(37,968)	(40,412)	(28,782)	(18,788)	(7,171)
Income from continuing operations before income taxes and minority interest	115,296	17,140	36,184	97,649	43,297	50,319	4,814
Income tax expense (benefit)	15,630	4,131	8,629	(30,519)	18,953	5,150	898
Minority interest	(201)	(87)	(179)		2,918	22,781	1,164
Income from continuing operations	99,867	13,096	27,734	128,168	21,426	22,388	2,752
Loss from discontinued operations					(213)	(2,373)	(490)
Net income	$ 99,867	$ 13,096	$ 27,734	$ 128,168	$ 21,213	$ 20,015	$ 2,262
Earnings per share data:							
Net income (loss) per share, as adjusted(1)							
Basic and diluted:							
Income from continuing	$ 1.48	$ 0.20	$ 0.43	$ 2.00	$ 0.38	$ 1.52	$ 0.19

operations							
Loss from discontinued operations						(0.16)	(0.04)
Net income per basic share	$ 1.48	$ 0.20	$ 0.43	$ 2.00	$ 0.38	$ 1.36	$ 0.15
Net income per diluted share	$ 1.46	$ 0.20	$ 0.43	$ 2.00	$ 0.38	$ 1.36	$ 0.15
Pro forma net income (loss) per share(2)							
Basic and diluted:							
Income from continuing operations					$ 0.35	$ 0.25	
Loss from discontinued operations						(0.07)	
Net income per basic and diluted share					$ 0.35	$ 0.18	
Balance sheet data (at period end):							
Cash and cash equivalents	$ 406,494	$ 8,655	$ 54,365	$ 33,256	$ 39,622	$ 7,391	$ 11,246
Operating and working capital	311,857	109,926	157,147	116,464	35,074	56,257	32,714
Total assets	1,678,936	1,146,198	1,210,914	1,145,793	1,013,658	477,121	379,336
Notes payable and long-term debt, including current portion	545,596	445,134	446,913	445,651	485,803	201,705	84,964
Stockholders equity and partners capital	666,744	364,889	380,836	344,049	212,765	45,933	86,367
Statement of cash flows data:							
Net cash provided by (used in):							
Operating activities	$ 179,437	$ 102,308	$ 225,741	$ 210,081	$ 149,643	$ 106,776	$ 54,104
Investing activities	(73,851)	(113,763)	(165,203)	(160,046)	(339,387)	(86,202)	(100,072)
Financing activities	246,543	(13,146)	(39,429)	(56,401)	221,975	(24,429)	48,770
Capital expenditures	(74,207)	(71,655)	(126,381)	(131,943)	(122,342)	(72,046)	(27,719)

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	Six Months Ended June 30,		Alpha Natural Resources, Inc. and Subsidiaries				ANR Fund IX Holdings, L.P. and Alpha NR Holding, Inc. and Subsidiaries
			Year Ended December 31,				
	2008	2007	2007	2006	2005	2004	2003
	(In thousands, except per share and per ton data)						
Other data:							
Production:							
Produced/processed	12,264	12,323	24,203	24,827	20,602	19,069	17,199
Purchased	2,521	1,584	4,189	4,090	6,284	6,543	3,938
Total	14,785	13,907	28,392	28,917	26,886	25,612	21,137
Tons Sold:							
Steam	8,337	8,586	17,565	19,050	16,674	15,836	14,809
Met	6,270	4,882	10,980	10,029	10,023	9,490	6,804
Total	14,607	13,468	28,545	29,079	26,697	25,326	21,613
Coal sales realization/ton:							
Steam	$ 50.83	$ 48.42	$ 48.75	$ 48.73	$ 41.33	$ 32.66	$ 27.14
Met	$ 104.27	$ 72.02	$ 72.07	$ 75.09	$ 72.24	$ 59.31	$ 37.35
Total	$ 73.77	$ 56.98	$ 57.72	$ 57.82	$ 52.93	$ 42.64	$ 32.14
Cost of coal sales/ton	$ 56.45	$ 47.16	$ 48.05	$ 46.31	$ 44.35	$ 36.34	$ 28.98
Coal margin/ton	$ 17.32	$ 9.82	$ 9.67	$ 11.51	$ 8.58	$ 6.30	$ 3.16

(1) Basic earnings per share is computed by dividing net income or loss by the weighted average number of shares of common stock outstanding during the periods. Diluted earnings per share is computed by dividing net income or loss by the weighted average number of shares of common stock and dilutive common stock equivalents outstanding during the periods. Common stock equivalents include the number of shares issuable on exercise of outstanding options less the number of shares that could have been purchased with the proceeds from the exercise of the options based on the average price of common stock during the period. Due to the internal restructuring on February 11, 2005 and initial public offering of common stock completed on February 18, 2005, the calculation of earnings per share for 2005, 2004, and 2003 reflects certain adjustments, as described below.

The numerator for purposes of computing basic and diluted net income (loss) per share, as adjusted, includes the reported net income (loss) and a pro forma adjustment for income taxes to reflect the pro forma income taxes for ANR Fund IX Holdings, L.P. s portion of reported pre-tax income (loss), which would have been recorded if the issuance of the shares of common stock received by ANR Fund IX Holdings, L.P. and Alpha NR Holding, Inc. in exchange for their ownership in ANR Holdings in connection with the February 11, 2005 restructuring had occurred as of January 1, 2003. For purposes of the computation of basic and diluted net income (loss) per share, as adjusted, the pro forma adjustment for income taxes only applies to the percentage interest owned by ANR Fund IX Holding, L.P, the nontaxable affiliate. No pro forma adjustment for income taxes is required for the percentage interest owned by Alpha NR Holding, Inc., because income taxes have already been recorded in the historical results of operations. Furthermore, no pro forma adjustment to reported net income (loss) is necessary subsequent to February 11, 2005 because Alpha is subject to income taxes.

The denominator for purposes of computing basic net income (loss) per share, as adjusted, reflects the retroactive impact of the common shares received by ANR Fund IX Holdings, L.P. and Alpha NR Holding, Inc. in exchange for their ownership in ANR Holdings in connection with the internal restructuring on a weighted-average outstanding share basis as being outstanding as of January 1, 2003. The common shares issued to the minority interest owners of ANR Holdings in connection with the internal restructuring, including the immediately vested shares granted to management, have been reflected as being outstanding as of February 11, 2005 for purposes of computing the basic net income (loss) per share, as adjusted. The unvested shares granted to management on February 11, 2005 that vest monthly over the two-year period from January 1, 2005 to December 31, 2006 are included in the basic net income (loss) per share, as adjusted, computation as they vest on a weighted-average outstanding share basis starting on February 11, 2005. The 33,925,000 new shares issued in connection with the initial public offering have been reflected as being outstanding since February 14, 2005, the date of the initial public offering, for purposes of computing the basic net income (loss) per share, as adjusted.

The unvested shares issued to management are considered options for purposes of computing diluted net income (loss) per share, as adjusted. Therefore, for diluted purposes, all remaining unvested shares granted to management are added to the denominator subsequent to February 11, 2005 using the treasury stock method, if the effect is dilutive. In addition, the treasury stock method is used for outstanding stock options, if dilutive, beginning with the November 10, 2004 grant of options to management to purchase units in Alpha Coal Management, LLC that were automatically converted into options to purchase up to 596,985 shares of Alpha common stock at an exercise price of $12.73 per share.

The computations of basic and diluted net income (loss) per share, as adjusted for 2005, 2004, and 2003 are set forth below:

	Year Ended December 31,		
	2005	2004	2003
	(In thousands, except per share amounts)		
Numerator:			
Reported income from continuing operations	$ 21,426	$ 22,388	$ 2,752
Deduct: Income tax effect of ANR Fund IX Holdings, L.P. income from continuing operations prior to internal restructuring	(91)	(1,149)	(138)
Income from continuing operations, as adjusted	21,335	21,239	2,614
Reported loss from discontinued operations	(213)	(2,373)	(490)
Add: Income tax effect of ANR Fund IX Holdings, L.P. loss from discontinued operations prior to internal restructuring	2	149	27
Loss from discontinued operations, as adjusted	(211)	(2,224)	(463)
Net income, as adjusted	$ 21,124	$ 19,015	$ 2,151
Denominator:			
Weighted average shares basic	55,664,081	13,998,911	13,998,911
Dilutive effect of stock options and restricted stock grants	385,465		
Weighted average shares diluted	56,049,546	13,998,911	13,998,911
Net income per share, as adjusted basic and diluted:			
Income from continuing operations, as adjusted	$ 0.38	$ 1.52	$ 0.19
Loss from discontinued operations, as adjusted		(0.16)	(0.04)
Net income per share, as adjusted	$ 0.38	$ 1.36	$ 0.15

(2) Pro forma net income (loss) per share gives effect to the following transactions as if each of these transactions had occurred on January 1, 2004: the Nicewonder acquisition and related debt refinancing in October 2005, the

February 11, 2005 restructuring and initial public offering in February 2005, the issuance in May 2004 of $175.0 million principal amount of 10% senior notes due 2012, and the entry into a $175.0 million revolving credit facility in May 2004.

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Selected Unaudited Pro Forma Condensed Consolidated Financial Data

The following selected unaudited pro forma condensed consolidated financial data of Cliffs and Alpha give effect to the merger as if the merger had been completed as of January 1, 2007, with respect to the pro forma results of operations data, and as of June 30, 2008, with respect to the pro forma balance sheet data.

The following unaudited pro forma condensed consolidated financial data should be read in conjunction with the historical consolidated financial statements and notes thereto of Cliffs, which are included elsewhere in this joint proxy statement/prospectus, and Alpha, which are incorporated by reference in this joint proxy statement/prospectus, and the other information contained or incorporated by reference in this joint proxy statement/prospectus. See Where You Can Find More Information beginning on page 239 and Financial Statements and Information beginning on page F-i.

The following unaudited pro forma condensed consolidated financial data reflect the purchase method of accounting, with Cliffs treated as the acquirer. The following unaudited pro forma condensed consolidated financial data reflect adjustments, which are based upon preliminary estimates, to allocate the purchase price to Alpha s net assets. The purchase price allocation reflected herein is preliminary, and final allocation of the purchase price will be based upon the actual purchase price and the actual assets and liabilities of Alpha as of the date of the completion of the merger. Accordingly, the actual purchase accounting adjustments may differ materially from the pro forma adjustments reflected herein.

The following unaudited pro forma condensed consolidated financial data is presented for illustrative purposes only and is not necessarily indicative of what the combined company s actual financial position or results of operations would have been had the merger been completed on the dates indicated above. The following unaudited pro forma condensed consolidated financial data does not give effect to (1) Cliffs or Alpha s results of operations or other transactions or developments since June 30, 2008, (2) the synergies, cost savings and one-time charges expected to result from the merger, or (3) the effects of transactions or developments, including sales or purchases of assets, which may occur subsequent to the merger. The foregoing matters could cause both Cliffs pro forma historical financial position and results of operations, and the combined company s actual future financial position and results of operations, to differ materially from those presented in the following unaudited pro forma condensed consolidated financial data.

	Six Months Ended June 30, 2008 (In millions, except per share data)	Year Ended December 31, 2007 (In millions, except per share data)
Results of Operations Data:		
Total Revenues	$ 3,099.5	$ 4,910.1
Earnings from operations	382.1	358.9
Diluted earnings per share from operations	2.18	2.04

	At June 30, 2008 (In millions)

Balance Sheet Data:		
Total assets	$	18,343.6
Total current liabilities		1,537.3
Notes and non-current obligations		7,556.2
Total shareholders equity		9,042.2

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COMPARATIVE PER SHARE INFORMATION

The following tables set forth for the periods presented certain per share data separately for Cliffs and Alpha on a historical basis, on an unaudited pro forma combined basis per Cliffs common share and on an unaudited pro forma combined basis per equivalent share of common stock of Alpha. The following unaudited pro forma condensed consolidated financial data should be read in conjunction with the historical consolidated financial statements and notes thereto of Cliffs, which are included elsewhere in this joint proxy statement/prospectus, and Alpha, which are incorporated by reference in this joint proxy statement/prospectus, and the other information contained or incorporated by reference in this joint proxy statement/prospectus. See Where You Can Find More Information beginning on page 239 and Financial Statements and Information beginning on page F-i.

The unaudited pro forma combined data per Cliffs common share are based upon the historical weighted average number of Cliffs common shares outstanding, adjusted to include the estimated number of Cliffs common shares to be issued in the merger. See Unaudited Pro Forma Condensed Consolidated Financial Information beginning on page 226. We have based the unaudited pro forma combined data per Alpha equivalent common share on the unaudited pro forma combined per Cliffs common share amounts, multiplied by the exchange ratio of 0.95. The exchange ratio does not include the $22.23 per share cash portion of the merger consideration. This data shows how each share of Alpha common stock would have participated in the income from continuing operations and book value of Cliffs if the companies had always been consolidated for accounting and financial reporting purposes for all periods presented. These amounts, however, are not intended to reflect future per share levels of income from continuing operations and book value of the combined company.

The following unaudited pro forma data reflect the purchase method of accounting, with Cliffs treated as the acquirer. The following unaudited pro forma data reflect adjustments, which are based upon preliminary estimates, to allocate the purchase price to Alpha s net assets. The purchase price allocation reflected herein is preliminary, and final allocation of the purchase price will be based upon the actual purchase price and the actual assets and liabilities of Alpha as of the date of the completion of the merger. Accordingly, the actual purchase accounting adjustments may differ from the pro forma adjustments reflected herein.

The following unaudited pro forma data are presented for illustrative purposes only and are not necessarily indicative of what the combined company s actual financial position or results of operations would have been had the merger been completed on the dates indicated above. The following unaudited pro forma data do not give effect to (1) Cliffs or Alpha s results of operations or other transactions or developments since December 31, 2007, (2) the synergies, cost savings and one-time charges expected to result from the merger, or (3) the effects of transactions or developments, including sales of assets, which may occur subsequent to the merger. The foregoing matters could cause both Cliffs pro forma historical financial position and results of operations, and Cliffs actual future financial position and results of operations, to differ materially from those presented in the following unaudited pro forma condensed consolidated financial data.

	Cliffs Historical per Share Data	Alpha Historical per Share Data	Cliffs Pro Forma	Alpha Pro Forma
At or for the Year Ended December 31, 2007:				

Income from continuing operations per common share:								
Basic	$	3.19	$	0.43	$	2.31	$	2.05
Diluted	$	2.57	$	0.43	$	2.04	$	1.81
Cash dividends declared per common share	$	.25	$		$	.25	$	.24
Book value per common share	$	13.35	$	5.79		N/A		N/A

	Cliffs Historical per Share Data	Alpha Historical per Share Data	Cliffs Pro Forma	Alpha Pro Forma
At or for the Six Months Ended June 30, 2008:				
Income from continuing operations per common share:				
Basic	$ 3.04	$ 1.48	$ 2.32	$ 2.20
Diluted	$ 2.73	$ 1.46	$ 2.18	$ 2.07
Cash dividends declared per common share	$ .0875	$	$ .0875	$ .0831
Book value per common share	$ 16.02	$ 9.46	$ 52.39	$ 49.77

COMPARATIVE MARKET VALUE INFORMATION

The following table presents:

- the closing prices per share and aggregate market value of Cliffs common shares and Alpha common stock, in each case based on the last reported sales prices as reported by the NYSE Composite Transactions Tape, on July 15, 2008, the last trading day prior to the public announcement of the proposed merger, and October 14, 2008, the last trading day for which this information could be calculated prior to the date of this joint proxy statement/prospectus; and

- the equivalent price per share and equivalent market value of shares of Alpha common stock.

	Cliffs Historical	Alpha Historical	Alpha Equivalent(1)
July 15, 2008			
Closing price per common share	$ 111.46	$ 94.92	$ 128.12
Market value of common shares (in billions)(2)	$ 11.6	$ 6.69	N/A
October 14, 2008			
Closing price per common share	$ 32.67	$ 38.41	$ 53.27
Market value of common shares (in billions)(3)	$ 3.49	$ 2.71	N/A

(1) The Alpha equivalent price per share reflects the fluctuating value of Cliffs common shares that Alpha stockholders would receive for each share of Alpha common stock if the merger were completed on either July 15, 2008 or October 14, 2008. The Alpha equivalent price per share is equal to the sum of (i) the closing price of a Cliffs common share on the applicable date multiplied by 0.95 and (ii) $22.23.

(2) Based on 104,145,300 Cliffs common shares and 70,495,814 shares of Alpha common stock outstanding as of July 15, 2008 (excluding outstanding shares held in treasury).

(3) Based on 113,502,463 Cliffs common shares and 70,495,814 shares of Alpha common stock outstanding as of October 14, 2008 (excluding outstanding shares held in treasury).

RISK FACTORS

In deciding whether to vote for the adoption of the merger agreement, in the case of Alpha stockholders, or for adoption of the merger agreement and approval of the issuance of Cliffs common shares, in the case of Cliffs shareholders, we urge you to carefully consider all of the information included or incorporated by reference in this joint proxy statement/prospectus. See Where You Can Find More Information beginning on page 239. You should also read and consider the risks associated with each of the businesses of Cliffs and Alpha because these risks will also affect the combined company. The risks associated with the business of Alpha can be found in the Alpha Annual Report on Form 10-K for the year ended December 31, 2007, which is incorporated by reference in this joint proxy statement/prospectus. In addition, we urge you to carefully consider the following material risks relating to the merger, the business of Cliffs and the business of the combined company.

Risks Relating to the Merger

Cliffs may fail to realize all of the anticipated benefits of the merger, which could reduce Cliffs profitability.

Cliffs expects that the acquisition of Alpha will result in certain synergies, business opportunities and growth prospects. Cliffs, however, may never realize these expected synergies, business opportunities and growth prospects. Integrating operations will be complex and will require significant efforts and expenses on the part of both Cliffs and Alpha. Personnel may leave or be terminated because of the merger. Cliffs management may have its attention diverted while trying to integrate Alpha. In addition, Cliffs may experience increased competition that limits its ability to expand its business, Cliffs may not be able to capitalize on expected business opportunities including retaining Alpha s current customers, assumptions underlying estimates of expected cost savings may be inaccurate, or general industry and business conditions may deteriorate. If these factors limit Cliffs ability to integrate the operations of Alpha successfully or on a timely basis, Cliffs expectations of future results of operations, including certain cost savings and synergies expected to result from the merger, may not be met. In addition, Cliffs growth and operating strategies for Alpha s business may be different from the strategies that Alpha currently is pursuing.

Because the market price of Cliffs common shares will fluctuate, Alpha stockholders cannot be sure of the value of the merger consideration they will receive.

In the merger, each share of Alpha common stock (other than shares of Alpha common stock held by any dissenting Alpha stockholder that has properly exercised appraisal rights in accordance with Delaware law, shares of Alpha common stock held in treasury by Alpha or shares of Alpha common stock owned by Cliffs) will be converted into the right to receive $22.23 in cash and 0.95 of a common share of Cliffs. The price of Cliffs common shares at the closing date of the merger or when the Cliffs common shares are received by Alpha stockholders may vary from their respective prices on the date of this joint proxy statement/prospectus and on the date of the Alpha special meeting. As a result, Cliffs shareholders and Alpha stockholders will not know the exact value of the Cliffs common shares that will be issued in the merger at the time they vote on the merger proposals. Share price changes may result from a variety of factors, including general market and economic conditions, changes in Cliffs and Alpha s respective businesses, operations and prospects, and regulatory considerations. Many of these factors are beyond Cliffs and Alpha s control. You should obtain current market quotations for Cliffs common shares and shares of Alpha common stock.

The market price for Cliffs common shares may be affected by factors different from, or in addition to, those affecting shares of Alpha common stock, and the market value of Cliffs common shares may decrease after the closing date of the merger.

The businesses of Cliffs and Alpha differ in some respects and, accordingly, the results of operations of the combined company and the market price of the combined company s common shares may be affected by factors different from those currently affecting the independent results of operations of each of Cliffs and Alpha. In addition, the market value of the common shares of Cliffs that Alpha stockholders receive in the merger could decrease following the closing date of the merger. For a discussion of the business of Cliffs and factors to consider in connection with its business, please see Information about Cliffs beginning on page 116 and the documents and information included elsewhere in this joint proxy statement/prospectus or incorporated by reference into this joint proxy statement/prospectus and listed under the section captioned Where You Can Find More Information, beginning on page 239. For a discussion of the business of Alpha and factors to consider in connection with its business, please see Information about Alpha on page 143 and the documents and information incorporated by reference into this joint proxy statement/prospectus and listed under the section captioned Where You Can Find More Information, beginning on page 239.

Opposition by Harbinger Capital Partners, a shareholder of Cliffs, and/or other significant shareholders of Cliffs may prevent completion of the merger.

The adoption of the merger agreement and the approval of the issuance of Cliffs common shares in connection with the merger require the affirmative vote of at least two-thirds of the votes entitled to be cast by the holders of outstanding common shares and Series A-2 preferred stock of Cliffs, voting together as a class. As a result, the failure of Harbinger Capital Partners Master Fund I, Ltd. and its affiliates, including Harbinger Capital Partners Special Situations Fund, L.P., which are collectively referred to as Harbinger Capital Partners and which, according to an amendment to Schedule 13D filed by Harbinger Capital Partners with the SEC on August 14, 2008, collectively are the beneficial owners of 16,616,472 common shares of Cliffs (constituting approximately 14.64% of the Cliffs common shares issued and outstanding as of October 6, 2008), to vote in favor of the adoption of the merger agreement and the issuance of Cliffs common shares in connection with the merger would significantly decrease the likelihood that the merger will be completed. On a number of occasions Harbinger Capital Partners indicated that it did not believe that the merger would be in the best interests of Cliffs shareholders.

On August 14, 2008, Harbinger Capital Partners delivered to Cliffs an acquiring person statement pursuant to Section 1701.831 of the Ohio General Corporation Law, or the Ohio Control Share Acquisition Statute, pertaining to a proposed acquisition by Harbinger Capital Partners of that number of the Cliffs common shares that when added to all other shares in respect of which Harbinger Capital Partners may exercise or direct the exercise of voting power in the election of the Cliffs directors would equal one-fifth or more (but less than one-third) of such voting power, which proposed acquisition is referred to as the Harbinger control share acquisition proposal.

Pursuant to the Ohio Control Share Acquisition Statute, the Harbinger control share acquisition proposal had to be approved by the holders of at least a majority of the voting power of all Cliffs shares entitled to vote in the election of the Cliffs directors represented at the special meeting (excluding the voting power of all interested shares (within the meaning of the Ohio Control Share Acquisition Statute)) convened by Cliffs pursuant to the requirements of the Ohio Control Share Acquisition Statute. The special meeting of the Cliffs shareholders to consider the Harbinger control share acquisition proposal took place on October 3, 2008. On October 10, 2008, Cliffs announced that, based on the results provided by the independent inspector of elections, IVS Associates, Inc., Cliffs shareholders rejected the Harbinger control share acquisition proposal. Notwithstanding the foregoing, if Harbinger Capital Partners and/or other significant shareholders of Cliffs oppose the merger, then Cliffs ability to obtain its required shareholder approval will be adversely affected.

Furthermore, if Cliffs shareholders fail to adopt the merger agreement and approve the issuance of the Cliffs common shares in connection with the merger, pursuant to the merger agreement, Cliffs will have to pay to Alpha a termination fee of $100 million (provided that no such fee will be required to be paid by Cliffs if the Alpha stockholders also fail to adopt the merger agreement at their special meeting).

Cliffs shareholders ownership percentage after the merger will be diluted and the merger could result in dilution to Cliffs earnings per share.

In connection with the merger, Cliffs will issue to Alpha stockholders Cliffs common shares. As a result of this share issuance, Cliffs shareholders will own a smaller percentage of the combined company. It is estimated that, upon completion of the merger, Cliffs shareholders will own approximately 63% of the outstanding stock of the combined company and Alpha stockholders will own approximately 37% of the outstanding stock of the combined company. If the combined company is unable to realize the strategic and financial benefits currently anticipated to result from the merger, then Cliffs shareholders could experience dilution of their economic interest in Cliffs without receiving a commensurate benefit. The merger could also result in dilution to Cliffs earnings per share.

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Obtaining required approvals and satisfying closing conditions may prevent or delay completion of the merger.

The merger is subject to customary conditions to closing. These closing conditions include, among others, the receipt of required approvals of the stockholders of Alpha and shareholders of Cliffs and the receipt of certain governmental consents and approvals. No assurance can be given that the required shareholder and governmental consents and approvals will be obtained or that the required conditions to closing will be satisfied, and, if all required consents and approvals are obtained and the conditions are satisfied, no assurance can be given as to the terms, conditions and timing of the consents and approvals. Cliffs and Alpha will also be obligated to pay certain investment banking, financing, legal and accounting fees and related expenses in connection with the merger, whether or not the merger is completed.

The fairness opinions obtained by Cliffs and Alpha from their respective financial advisors will not reflect changes in circumstances between signing the merger agreement and the completion of the merger.

Cliffs and Alpha have not obtained updated opinions as of the date of this document from J.P. Morgan, Cliffs financial advisor, or Citi, Alpha s financial advisor. These opinions speak only as of their respective dates and do not address the fairness of the merger consideration, from a financial point of view, at the time the merger is completed. Changes in the operations and prospects of Cliffs or Alpha, general market and economic conditions and other factors which may be beyond the control of Cliffs and Alpha, and on which the fairness opinions were based, may alter the value of Cliffs or Alpha or the prices of Cliffs common shares or shares of Alpha common stock by the time the merger is completed. For a description of the opinions that Cliffs and Alpha received from their respective financial advisors, please refer to The Merger Opinion of Cliffs Financial Advisor beginning on page 76 and The Merger Opinion of Alpha s Financial Advisor beginning on page 64.

Whether or not the merger is completed, the announcement and pendency of the merger could cause disruptions in the businesses of Cliffs and Alpha, which could have an adverse effect on their respective businesses and financial results.

Whether or not the merger is completed, the announcement and pendency of the merger could cause disruptions in the businesses of Cliffs and Alpha. Specifically:

- current and prospective employees of Alpha will experience uncertainty about their future roles with the combined company, which might adversely affect Cliffs and Alpha s ability to retain key managers and other employees; and

- the attention of management of each of Cliffs and Alpha may be directed toward the completion of the merger.

In addition, Cliffs and Alpha have each diverted significant management resources in an effort to complete the merger and are each subject to restrictions contained in the merger agreement on the conduct of their respective businesses. If the merger is not completed, Cliffs and Alpha will have incurred significant costs, including the diversion of management resources, for which they will have received little or no benefit. Further, Alpha and Cliffs may be required to pay to the other a termination fee of either $100 million or $350 million if the merger agreement is terminated, depending on the specific circumstances of the termination. For a detailed description of the circumstances in which such termination fee will be paid, see The Merger Agreement Termination Fees beginning on page 113.

Certain directors and executive officers of Alpha have interests and arrangements that may be different from, or in addition to, those of Alpha stockholders.

When considering the recommendation of the Alpha board of directors with respect to the merger, Alpha stockholders should be aware that some directors and executive officers of Alpha have interests in the merger that may be different from, or in addition to, their interests as stockholders and the interests of stockholders generally. These interests include, among others, payments under employment agreements and severance agreements,

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acceleration of vesting and exercisability of options and restricted stock as a result of the merger and the right to continued indemnification and insurance coverage by Cliffs for acts or omissions occurring prior to the merger.

As a result of these interests, these directors and executive officers may be more likely to support and to vote to adopt the merger agreement than if they did not have these interests. Shareholders should consider whether these interests may have influenced those directors and executive officers to support or recommend adoption of the merger agreement. As of the close of business on the record date for the Alpha special meeting, Alpha directors and executive officers were entitled to vote 0.92% of the then-outstanding shares of Alpha common stock. See The Merger Interests of Alpha Directors and Executive Officers in the Merger beginning on page 84.

Risks Associated with the Cliffs Business

The current disruption in the credit markets has created uncertainty and could adversely affect Cliffs business.

The current global financial and credit crisis could adversely affect Cliffs business and financial results. Some of Cliffs North American customers have announced curtailments of production, which could adversely affect the demand for Cliffs iron ore and coal products. Continuation or worsening of the current economic conditions, a prolonged national or regional economic recession or other events that could produce major changes in demand patterns could have a material adverse effect on Cliffs sales, margins and profitability. In addition, as a result of the intensification of the global credit crisis in the past few weeks, the market price for Cliffs common shares has declined substantially. Cliffs is not able to predict the impact the current global financial and credit crisis will have on its operations and the industry in general going forward.

If the rate of steel consumption slows globally, it could lead to excess global capacity, increasing competition within the steel industry and increased imports into the United States, potentially lowering the demand for iron ore and coal.

The world price of iron ore and coal are strongly influenced by international demand. Production at Portman, which comprises Cliffs Asian-Pacific Iron Ore segment, is fully committed to steel companies in China and Japan. In addition, all 2008 production at Sonoma is committed under supply agreements with customers in Asia, including China. If the economic growth rate in China slows, which may be difficult to forecast, less steel may be used in construction and manufacturing, which could decrease demand for iron ore and coal. This could adversely impact the world iron ore and coal markets and Cliffs operations, specifically, at Portman and Sonoma. A slowing of the economic growth rate globally leading to overcapacity in the steelmaking industry could also result in greater exports of steel out of Eastern Europe, Asia and Latin America, which, if imported into North America, could decrease demand for domestically produced steel, thereby decreasing the demand for iron ore and coal supplied in North America. During 2006, China became the world s largest exporter of steel.

China s domestic crude steel production climbed approximately 17 percent in 2007 as compared to 2006. Based on the American Iron and Steel Institute s Apparent Steel Supply (excluding semi-finished steel products), imports of steel into the United States constituted 23.3 percent, 27.3 percent and 21.3 percent of the domestic steel market supply for 2007, 2006 and 2005, respectively. Further, production of steel by North American integrated steel manufacturers may also be replaced, to some extent, by production of substitute materials by other manufacturers. In the case of some product applications, North American steel manufacturers compete with manufacturers of other materials, including plastic, aluminum, graphite composites, ceramics, glass, wood and concrete. Most of Cliffs term supply agreements for the sale of iron ore products are requirements-based or provide for flexibility of volume above a minimum level. Reduced demand for and consumption of iron ore products by integrated steel producers have had and may continue to have a significant negative impact on Cliffs sales, margins and profitability.

Capacity expansions within the industry could lead to lower global iron ore and coal prices or impact Cliffs production.

The increased demand for iron ore and coal, particularly from China, has resulted in the major iron ore and metallurgical coal suppliers increasing their capacity. Many of Cliffs competitors have announced plans to increase

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their capacity through capital expenditures, project expansion and acquisitions to capitalize on these opportunities. An increase in Cliffs competitors capacity could result in excess supply of iron ore and coal, resulting in downward pressure on prices. A decrease in pricing would adversely impact Cliffs sales, margins and profitability.

If steelmakers use methods other than blast furnace production to produce steel, or if their blast furnaces shut down or otherwise reduce production, the demand for Cliffs iron ore and coal products may decrease.

Demand for Cliffs iron ore and coal products is determined by the operating rates for the blast furnaces of steel companies. However, not all finished steel is produced by blast furnaces; finished steel also may be produced by other methods that do not require iron ore products. For example, steel mini-mills, which are steel recyclers, generally produce steel primarily by using scrap steel and other iron products, not iron ore pellets, in their electric furnaces. Production of steel by steel mini-mills was approximately 60 percent of North American total finished steel production in 2007. Steel producers also can produce steel using imported iron ore or semi-finished steel products, which eliminates the need for domestic iron ore. Environmental restrictions on the use of blast furnaces also may reduce Cliffs customers use of their blast furnaces. Maintenance of blast furnaces can require substantial capital expenditures. Cliffs customers may choose not to maintain their blast furnaces, and some of Cliffs customers may not have the resources necessary to adequately maintain their blast furnaces. If Cliffs customers use methods to produce steel that do not use iron ore and coal products, demand for Cliffs iron ore and coal products will decrease, which could adversely affect its sales, margins and profitability.

A substantial majority of Cliffs sales are made under term supply agreements, which are important to the stability and profitability of its operations.

In 2007, more than 95 percent of Cliffs North American Iron Ore sales volume, the majority of Cliffs North American Coal sales, and virtually all of Cliffs Asia-Pacific Iron Ore sales were sold under term supply agreements. For North American Coal, these agreements typically cover a twelve-month period and must be renewed each year. The Asia-Pacific Iron Ore contracts expire in 2010. Cliffs cannot be certain that it will be able to renew or replace existing term supply agreements at the same volume levels, prices or with similar profit margins when they expire. A loss of sales to Cliffs existing customers could have a substantial negative impact on Cliffs sales, margins and profitability.

Cliffs North American Iron Ore term supply agreements contain a number of price adjustment provisions, or price escalators, including adjustments based on general industrial inflation rates, the price of steel and the international price of iron ore pellets, among other factors, that allow Cliffs to adjust the prices under those agreements generally on an annual basis. Cliffs price adjustment provisions are weighted and some are subject to annual collars, which limit its ability to raise prices to match international levels and fully capitalize on strong demand for iron ore. Most of Cliffs North American Iron Ore term supply agreements do not otherwise allow Cliffs to increase its prices and to directly pass through higher production costs to its customers. An inability to increase prices or pass along increased costs could adversely affect Cliffs margins and profitability.

In North America, Cliffs depends on a limited number of customers.

Five customers together accounted for more than 80 percent of Cliffs North American Iron Ore sales revenues measured as a percent of product revenues for each of the past three years. If one or more of these customers were to significantly reduce their purchases of products from Cliffs, or if Cliffs were unable to sell products to them on terms as favorable to it as the terms under its current term supply agreements, Cliffs North American sales, margins and profitability could suffer materially due to the high level of fixed costs and the high costs to idle or close mines. The majority of the iron ore Cliffs manages and produces is for its own account, and therefore Cliffs relies on sales to its joint venture partners and other third-party customers for most of its revenues.

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Mine closures entail substantial costs, and if Cliffs closes one or more of its mines sooner than anticipated, its results of operations and financial condition may be significantly and adversely affected.

If Cliffs closes any of its mines, its revenues would be reduced unless Cliffs were able to increase production at its other mines, which may not be possible. The closure of a mining operation involves significant fixed closure costs, including accelerated employment legacy costs, severance-related obligations, reclamation and other environmental costs, and the costs of terminating long-term obligations, including energy contracts and equipment leases. Cliffs bases its assumptions regarding the life of its mines on detailed studies Cliffs performs from time to time, but those studies and assumptions are subject to uncertainties and estimates that may not be accurate. Cliffs recognizes the costs of reclaiming open pits and shafts, stockpiles, tailings ponds, roads and other mining support areas based on the estimated mining life of its property. If Cliffs were to significantly reduce the estimated life of any of its mines, the mine-closure costs would be applied to a shorter period of production, which would increase production costs per ton produced and could significantly and adversely affect Cliffs results of operations and financial condition.

A North American mine permanent closure could significantly increase and accelerate employment legacy costs, including Cliffs expense and funding costs for pension and other postretirement benefit obligations. A number of employees would be eligible for immediate retirement under special eligibility rules that apply upon a mine closure. All employees eligible for immediate retirement under the pension plans at the time of the permanent mine closure also would be eligible for postretirement health and life insurance benefits, thereby accelerating Cliffs obligation to provide these benefits. Certain mine closures would precipitate a pension closure liability significantly greater than an ongoing operation liability. Finally, a permanent mine closure could trigger severance-related obligations, which can equal up to eight weeks of pay per employee, depending on length of service. No employee entitled to an immediate pension upon closure of a mine is entitled to severance. As a result, the closure of one or more of Cliffs mines could adversely affect its financial condition and results of operations.

Cliffs relies on estimates of its recoverable reserves, which is complex due to geological characteristics of the properties and the number of assumptions made.

Cliffs regularly evaluates its North American iron ore and coal reserves based on revenues and costs and updates them as required in accordance with SEC Industry Guide 7. Portman and Sonoma have published reserves which follow Joint Ore Reserves Code in Australia, which is similar to United States requirements. Changes to the reserve value to make them comply with SEC requirements have been made. There are numerous uncertainties inherent in estimating quantities of reserves of Cliffs mines, many of which have been in operation for several decades, including many factors beyond Cliffs control.

Estimates of reserves and future net cash flows necessarily depend upon a number of variable factors and assumptions, such as production capacity, effects of regulations by governmental agencies, future prices for iron ore and coal, future industry conditions and operating costs, severance and excise taxes, development costs and costs of extraction and reclamation, all of which may in fact vary considerably from actual results. For these reasons, estimates of the economically recoverable quantities of mineralized deposits attributable to any particular group of properties, classifications of such reserves based on risk of recovery and estimates of future net cash flows prepared by different engineers or by the same engineers at different times may vary substantially as the criteria change. Estimated ore and coal reserves could be affected by future industry conditions, geological conditions and ongoing mine planning. Actual production, revenues and expenditures with respect to Cliffs reserves will likely vary from estimates, and if such variances are material, Cliffs sales and profitability could be adversely affected.

A defect in the title or the loss of a leasehold interest in certain property could limit Cliffs ability to mine its reserves or result in significant unanticipated costs.

Cliffs conducts a significant part of its mining operations on property that it leases. A title defect or the loss of a lease could adversely affect Cliffs ability to mine the associated reserves. As such, the title to property that Cliffs intends to lease or reserves that it intends to mine may contain defects prohibiting its ability to conduct mining operations. In order to conduct its mining operations on properties where these defects exist, Cliffs may incur unanticipated costs. In addition, some leases require Cliffs to pay minimum royalties. Cliffs inability to satisfy those requirements may cause the leasehold interest to terminate.

Cliffs relies on its joint venture partners in its mines to meet their payment obligations and is subject to risks involving the acts or omissions of its joint venture partners when Cliffs is not the manager of the joint venture.

Cliffs co-owns four of its six North American mines with various joint venture partners that are integrated steel producers or their subsidiaries, including ArcelorMittal USA Inc., or ArcelorMittal USA, and U.S. Steel Canada Inc. (formerly Stelco Inc.), or U.S. Steel Canada. While Cliffs is the manager of each of the mines it co-owns, Cliffs relies on its joint venture partners to make their required capital contributions and to pay for their share of the iron ore pellets that Cliffs produces. Most of Cliffs venture partners are also its customers. If one or more of Cliffs venture partners fail to perform their obligations, the remaining venturers, including Cliffs, may be required to assume additional material obligations, including significant pension and postretirement health and life insurance benefit obligations. The premature closure of a mine due to the failure of a joint venture partner to perform its obligations could result in significant fixed mine-closure costs, including severance, employment legacy costs and other employment costs, reclamation and other environmental costs, and the costs of terminating long-term obligations, including energy contracts and equipment leases.

Cliffs cannot control the actions of its joint venture partners, especially when it has a minority interest in a joint venture and is not designated as the manager of the joint venture. Further, in spite of performing customary due diligence prior to entering into a joint venture, Cliffs cannot guaranty full disclosure of prior acts or omissions of the sellers or those with whom Cliffs enters into joint ventures. Most recently, Cliffs learned that the Brazilian Federal Police have initiated a criminal investigation into how the Amapá railway concession was obtained prior to Cliffs involvement in the project. Such risks could have a material adverse effect on the business, results of operations or financial condition of Cliffs joint venture interests.

Cliffs expenditures for postretirement benefit and pension obligations could be materially higher than it has predicted if its underlying assumptions prove to be incorrect, if there are mine closures or Cliffs joint venture partners fail to perform their obligations that relate to employee pension plans.

Cliffs provides defined benefit pension plans and other postretirement benefits to eligible union and non-union employees, including Cliffs share of expense and funding obligations with respect to unconsolidated ventures. Cliffs pension expense and its required contributions to its pension plans are directly affected by the value of plan assets, the projected and actual rate of return on plan assets and the actuarial assumptions Cliffs uses to measure its defined benefit pension plan obligations, including the rate at which future obligations are discounted.

Cliffs cannot predict whether changing market or economic conditions, regulatory changes or other factors will increase its pension expenses or its funding obligations, diverting funds Cliffs would otherwise apply to other uses.

Cliffs has calculated its unfunded other postretirement benefits obligation based on a number of assumptions. Discount rate, return on plan assets, and mortality assumptions parallel those utilized for pensions. If Cliffs assumptions do not materialize as expected, cash expenditures and costs that Cliffs incurs could be materially higher. Moreover, Cliffs cannot be certain that regulatory changes will not increase its obligations to provide these or additional benefits. These obligations also may increase substantially in the event of adverse medical cost trends or unexpected rates of early retirement, particularly for bargaining unit retirees for whom there is currently no retiree healthcare cost cap. Early retirement rates likely would increase substantially in the event of a mine closure.

Equipment and supply shortages may impact Cliffs production.

The extractive industry has been experiencing long lead times on equipment, tires, and supply needs due to the increased demand for these resources. As the global mining industry increases its capacity, demand for these resources will increase, potentially resulting in higher prices, equipment shortages, or both.

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Cliffs sales and competitive position depend on the ability to transport its products to its customers at competitive rates and in a timely manner.

Disruption of the lake freighter and rail transportation services because of weather-related problems, including ice and winter weather conditions on the Great Lakes, strikes, lock-outs or other events, could impair Cliffs ability to supply iron ore pellets to its customers at competitive rates or in a timely manner and, thus, could adversely affect Cliffs sales and profitability. Similarly, Cliffs coal operations depend on international freighter and rail transportation services, as well as the availability of dock capacity, and any disruptions to such could impair Cliffs ability to supply coal to its customers at competitive rates or in a timely manner and, thus, could adversely affect Cliffs sales and profitability. Further, reduced levels of government funding may result in a lesser level of dredging, particularly at Great Lakes ports. Less dredging results in lower water levels, which restricts the tonnage freighters can haul over the Great Lakes, resulting in higher freight rates.

Cliffs Asia-Pacific Iron Ore operations are in direct competition with the major world seaborne exporters of iron ore and its customers face higher transportation costs than most other Australian producers to ship its products to the Asian markets because of the location of its major shipping port on the south coast of Australia. Further, increases in transportation costs, decreased availability of ocean vessels or changes in such costs relative to transportation costs incurred by Cliffs competitors, could make its products less competitive, restrict its access to certain markets and have an adverse effect on its sales, margins and profitability.

Cliffs operating expenses could increase significantly if the price of electrical power, fuel or other energy sources increases.

Operating expenses at all Cliffs mining locations are sensitive to changes in electricity prices and fuel prices, including diesel fuel and natural gas prices. In Cliffs North American Iron Ore locations, for example, these items make up 24 percent of Cliffs North American Iron Ore operating costs. Prices for electricity, natural gas and fuel oils can fluctuate widely with availability and demand levels from other users. During periods of peak usage, supplies of energy may be curtailed and Cliffs may not be able to purchase them at historical rates. While Cliffs has some long-term contracts with electrical suppliers, it is exposed to fluctuations in energy costs that can affect its production costs. Cliffs enters into forward fixed-price supply contracts for natural gas and diesel fuel for use in its operations. Those contracts are of limited duration and do not cover all of Cliffs fuel needs, and price increases in fuel costs could cause Cliffs profitability to decrease significantly.

Natural disasters, weather conditions, disruption of energy, unanticipated geological conditions, equipment failures, and other unexpected events may lead Cliffs customers, its suppliers, or its facilities to curtail production or shut down their operations.

Operating levels within the industry are subject to unexpected conditions and events that are beyond the industry s control. Those events could cause industry members or their suppliers to curtail production or shut down a portion or all of their operations, which could reduce the demand for Cliffs iron ore and coal products, and could adversely affect its sales, margins, and profitability.

For example, one of Cliffs customers shut down a blast furnace for 52 days in 2007. Additionally, in January of 2008, another customer of Cliffs provided Cliffs with a force majeure letter due to a fire on the smaller of its two operating furnaces. In early November 2007, several small cracks were discovered in a kiln riding ring during routine maintenance at Cliffs Tilden Mining Company L.C., or Tilden, mine. As a result of the cracks, a scheduled major repair was extended approximately 15 days more than expected. Full production resumed in mid-January 2008. An electrical explosion at Cliffs United Taconite facility on October 12, 2006 resulted in a temporary production curtailment as a result of a loss of electrical power. Full production did not resume until January 2007. In February 2007, severe weather conditions caused significant ice buildup in the basin supplying water to the Hibbing Taconite Company, or Hibbing, facility tailings basin. This caused a production shutdown that lowered first quarter production output. In August 2007 and March 2008, production at Pinnacle Mining Company, LLC, or Pinnacle, slowed as a result of sandstone intrusions encountered within the coal panel being mined at the time, spreading fixed costs over less production than planned.

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Interruptions in production capabilities will inevitably increase Cliffs production costs and reduce its profitability. Cliffs does not have meaningful excess capacity for current production needs, and it is not able to quickly increase production at one mine to offset an interruption in production at another mine.

A portion of Cliffs production costs are fixed regardless of current operating levels. As noted, Cliffs operating levels are subject to conditions beyond its control that can delay deliveries or increase the cost of mining at particular mines for varying lengths of time. These conditions include weather conditions (for example, extreme winter weather, floods and availability of process water due to drought) and natural disasters, pit wall failures, unanticipated geological conditions, including variations in the amount of rock and soil overlying the deposits of iron ore and coal, variations in rock and other natural materials and variations in geologic conditions and ore processing changes.

The manufacturing processes that take place in Cliffs mining operations, as well as in its processing facilities, depend on critical pieces of equipment. This equipment may, on occasion, be out of service because of unanticipated failures. In addition, many of Cliffs mines and processing facilities have been in operation for several decades, and the equipment is aged. In the future, Cliffs may experience additional material plant shutdowns or periods of reduced production because of equipment failures. Further, remediation of any interruption in production capability may require Cliffs to make large capital expenditures that could have a negative effect on its profitability and cash flows. Cliffs business interruption insurance would not cover all of the lost revenues associated with equipment failures. Longer-term business disruptions could result in a loss of customers, which could adversely affect Cliffs future sales levels, and therefore its profitability.

Regarding the impact of unexpected events happening to Cliffs suppliers, many of Cliffs mines are dependent on one source for electric power and for natural gas. For example, Minnesota Power, Inc. is the sole supplier of electric power to Cliffs Hibbing and United Taconite mines; Wisconsin Electric Power Company, or WEPCO, is the sole supplier of electric power to Cliffs Tilden and Empire Iron Mining Partnership, or Empire, mines; and Cliffs Northshore Mining Company, or Northshore, mine is largely dependent on its wholly-owned power facility for its electrical supply. A significant interruption in service from Cliffs energy suppliers due to terrorism, weather conditions, natural disasters, or any other cause can result in substantial losses that may not be fully recoverable, either from its business interruption insurance or responsible third parties.

Cliffs is subject to extensive governmental regulation, which imposes, and will continue to impose, significant costs and liabilities on Cliffs, and future regulation could increase those costs and liabilities or limit Cliffs ability to produce iron ore and coal products.

Cliffs is subject to various federal, provincial, state and local laws and regulations in each jurisdiction in which Cliffs has operations on matters such as employee health and safety, air quality, water pollution, plant and wildlife protection, reclamation and restoration of mining properties, the discharge of materials into the environment, and the effects that mining has on groundwater quality and availability. Numerous governmental permits and approvals are required for Cliffs operations. Cliffs cannot be certain that it has been or will be at all times in complete compliance with such laws, regulations and permits. If Cliffs violates or fails to comply with these laws, regulations or permits, it could be fined or otherwise sanctioned by regulators.

Prior to commencement of mining, Cliffs must submit to and obtain approval from the appropriate regulatory authority of plans showing where and how mining and reclamation operations are to occur. These plans must include information such as the location of mining areas, stockpiles, surface waters, haul roads, tailings basins and drainage from mining operations. All requirements imposed by any such authority may be costly and time-consuming and may delay commencement or continuation of exploration or production operations. In addition, new legislation and regulations and orders, including proposals related to climate change and protection of the environment, to which

Cliffs would be subject or that would further regulate and tax Cliffs customers, namely the North American integrated steel producer customers, may also require Cliffs or its customers to reduce or otherwise change operations significantly or incur additional costs. Such new legislation, regulations or orders (if enacted) could have a material adverse effect on Cliffs business, results of operations, financial condition or profitability. Cliffs U.S. operations are subject to Maximum Achievable Control Technology emissions standards for particulate matter promulgated by the United States Environmental Protection Agency, which is referred to as the EPA, under the Clean Air Act effective October 31, 2006. The EPA s decision not to regulate emissions of mercury or asbestos in the Maximum Achievable Control Technology Rule is the subject of a court remand, and the outcome cannot be predicted.

Further, Cliffs is subject to a variety of potential liability exposures arising at certain sites where Cliffs does not currently conduct operations. These sites include sites where Cliffs formerly conducted iron ore mining or processing or other operations, inactive sites that Cliffs currently owns, predecessor sites, acquired sites, leased land sites and third-party waste disposal sites. Cliffs may be named as a responsible party at other sites in the future and Cliffs cannot be certain that the costs associated with these additional sites will not be material.

Cliffs also could be held liable for any and all consequences arising out of human exposure to hazardous substances used, released or disposed of by Cliffs or other environmental damage, including damage to natural resources. In particular, Cliffs and certain of its subsidiaries are involved in various claims relating to the exposure of asbestos and silica to seamen who sailed on the Great Lakes vessels formerly owned and operated by certain of Cliffs subsidiaries. The full impact of these claims, as well as whether insurance coverage will be sufficient and whether other defendants named in these claims will be able to fund any costs arising out of these claims, continues to be unknown.

Cliffs Tilden mine was notified on June 17, 2008 by the Mine Safety and Health Administration, or MSHA, that it had conducted an initial screening of Tilden s compliance record. MSHA s notice indicated that, based upon the screening, a potential pattern of violations exists at the mine. If Tilden is placed on the pattern of violations, it will be subject to a higher level of regulatory enforcement that could potentially negatively impact its operations, reducing production and increasing Cliffs costs.

Underground mining is subject to increased safety regulation and may require Cliffs to incur additional cost.

Recent mine disasters have led to the enactment and consideration of significant new federal and state laws and regulations relating to safety in underground coal mines. These laws and regulations include requirements for constructing and maintaining caches for the storage of additional self-contained self rescuers throughout underground mines; installing rescue chambers in underground mines; constant tracking of and communication with personnel in the mines; installing cable lifelines from the mine portal to all sections of the mine to assist in emergency escape; submission and approval of emergency response plans; and new and additional safety training. Additionally, new requirements for the prompt reporting of accidents and increased fines and penalties for violations of these and existing regulations have been implemented. These new laws and regulations may cause Cliffs to incur substantial additional costs, which may adversely impact its operating performance.

Coal mining is complex due to geological characteristics of the region.

The geological characteristics of coal reserves, such as depth of overburden and coal seam thickness, make them complex and costly to mine. As mines become depleted, replacement reserves may not be available when required or, if available, may not be capable of being mined at costs comparable to those characteristic of the depleting mines. These factors could materially adversely affect the mining operations and cost structures of, and customers ability to use coal produced.

Cliffs profitability could be negatively affected if it fails to maintain satisfactory labor relations.

The United Steelworkers, which is referred to as the USW, represents all hourly employees at Cliffs North American Iron Ore locations except for Northshore. The United Mineworkers of America, which is referred to as UMWA, represents hourly employees at Cliffs North American Coal locations. Cliffs has entered into an agreement with the USW on a new four-year labor contract to replace the labor agreement that expired on September 1, 2008 and that will cover approximately 2,300 USW-represented workers at Empire and Tilden mines in Michigan, and its United Taconite and Hibbing mines in Minnesota. A five-year agreement runs until March 2009 with Cliffs Canadian work force. The current UMWA agreement runs through 2011 at Cliffs coal locations. Hourly employees at the Cliffs owned railroads that transport products among its facilities are represented by multiple unions with labor agreements that expire at various dates. If the collective bargaining agreements relating to the employees at Cliffs mines or railroads are not successfully renegotiated prior to their expiration, Cliffs could face work stoppages or labor strikes.

Cliffs may encounter labor shortages for critical operational positions, which could affect its ability to produce iron ore products.

At many of Cliffs mining locations, many of its mining operational employees are approaching retirement age. As these experienced employees retire, Cliffs may have difficulty replacing them at competitive wages. As a result, wages are increasing to address the turnover.

Cliffs profitability could be affected by the failure of outside contractors to perform.

Portman and Sonoma use contractors to handle many of the operational phases of their mining and processing operations and therefore are subject to the performance of outside companies on key production areas.

Cliffs failure to maintain effective internal control over financial reporting may not allow it to accurately report its financial results, which could cause Cliffs financial statements to become materially misleading and adversely affect the trading price of Cliffs common shares.

Cliffs requires effective internal control over financial reporting in order to provide reasonable assurance with respect to its financial reports and to effectively prevent fraud. Internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If Cliffs cannot provide reasonable assurance with respect to its financial statements and effectively prevent fraud, Cliffs financial statements could become materially misleading, which could adversely affect the trading price of Cliffs common shares. Implementing new internal controls and testing the internal control framework will require the dedication of additional resources, management time and expense. If Cliffs fails to maintain an effective internal control environment and perform timely testing, Cliffs could have a material weakness with its internal control over financial reporting. If Cliffs has a material weakness, or a weak control environment, its business, financial condition and operating results could be materially impacted.

Cliffs may be unable to successfully identify, acquire and integrate strategic acquisition candidates.

Cliffs ability to grow successfully through acquisitions depends upon its ability to identify, negotiate, complete and integrate suitable acquisitions and to obtain necessary financing. It is possible that Cliffs will be unable to successfully complete potential acquisitions. In addition, the costs of acquiring other businesses could increase if competition for acquisition candidates increases. Additionally, the success of an acquisition is subject to other risks and uncertainties, including Cliffs ability to realize operating efficiencies expected from an acquisition, the size or quality of the resource, delays in realizing the benefits of an acquisition, difficulties in retaining key employees, customers or suppliers of the acquired businesses, difficulties in maintaining uniform controls, procedures, standards and policies throughout acquired companies, the risks associated with the assumption of contingent or undisclosed liabilities of acquisition targets, the impact of changes to Cliffs allocation of purchase price, and the ability to generate future cash flows or the availability of financing.

Cliffs is subject to risks involving operations in multiple countries.

Cliffs has a strategy to broaden its scope as a supplier of iron ore and other raw materials to the integrated steel industry in North American and international markets. As Cliffs expands beyond its traditional North American base business, it will be subject to additional risks beyond those risks relating to its North American operations, such as currency fluctuations; legal and tax limitations on Cliffs ability to repatriate earnings in a tax-efficient manner; potential negative international impacts resulting from U.S. foreign and domestic policies, including government embargoes or foreign trade restrictions; the imposition of duties, tariffs, import and export controls and other trade barriers impacting the seaborne iron ore and coal markets; difficulties in staffing and managing multi-national operations; and uncertainties in the enforcement of legal rights and remedies in multiple jurisdictions. If Cliffs is unable to manage successfully the risks associated with expanding its global business, these risks could have a material adverse effect on its business, results of operations or financial condition.

Cliffs is subject to a variety of market risks.

These risks include those caused by changes in the value of equity investments, changes in commodity prices, interest rates and foreign currency exchange rates. Cliffs has established policies and procedures to manage such risks, however certain risks are beyond its control.

Risks Relating to the Combined Company s Operations After Consummation of the Merger

In addition to the risks associated with the respective businesses of Cliffs (see Risks Associated with the Cliffs Business beginning on page 30) and Alpha (which are incorporated by reference from Alpha s Annual Report on Form 10-K for the year ended December 31, 2007), the following risks should be considered because they will affect the combined company.

Cliffs will take on substantial additional indebtedness to finance the merger, which may decrease the combined company s business flexibility and increase its borrowing costs

Upon completion of the merger, Cliffs will incur approximately $2 billion in additional indebtedness, and will have consolidated indebtedness that will be substantially greater than its indebtedness prior to the merger. The increased indebtedness and higher debt-to-equity ratio of the combined company in comparison to that of Cliffs immediately prior to the merger may have the effect, among other things, of reducing the flexibility of the combined company to respond to changing business and economic conditions and increasing borrowing costs.

Competition within the coal industry may adversely affect the combined company s ability to sell coal.

Coal with lower production costs shipped east from Western coal mines and from offshore sources has resulted in increased competition for coal sales in the Appalachian region. This competition could result in a decrease in the combined company s market share in this region and a decrease in the combined company s revenues.

Demand for the combined company s high sulfur coal and the price that the combined company can obtain for it will be impacted by, among other things, the changing laws with respect to allowable emissions and the price of emission allowances. Significant increases in the price of those allowances could reduce the competitiveness of high sulfur coal at plants not equipped to reduce sulfur dioxide emissions. Competition from low sulfur coal and possibly natural gas could result in a decrease in the combined company s high-sulfur coal market share and revenues from those operations.

Overcapacity in the coal industry, both domestically and internationally, may affect the price the combined company will receive for its coal. For example, during the 1970s and early 1980s, increased demand for coal and attractive pricing brought new investors to the coal industry and promoted the development of new mines. These factors resulted in added production capacity throughout the industry, which led to increased competition and lower coal prices. Continued coal pricing at relatively high levels, compared to historical levels, could encourage the development of expanded capacity by new or existing coal producers. Any overcapacity could reduce coal prices in the future.

The demand for U.S. coal exports is dependent upon a number of factors outside of the combined company s control, including the overall demand for electricity in foreign markets, currency exchange rates, ocean freight rates, the demand for foreign-produced steel both in foreign markets and in the U.S. market (which is dependent in part on tariff rates on steel), general economic conditions in foreign countries, technological developments, and environmental and other governmental regulations. If foreign demand for U.S. coal were to decline, this decline could cause competition among coal producers in the United States to intensify, potentially resulting in downward pressure on domestic coal prices.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus, including information and other documents incorporated by reference into this joint proxy statement/prospectus, contains or incorporates by reference or may contain or may incorporate by reference forward-looking statements that have been made pursuant to the provisions of, and in reliance on the safe harbor under, the Private Securities Litigation Reform Act of 1995. These forward-looking statements, which can be found at various places throughout this joint proxy statement/prospectus and the other documents incorporated by reference in this joint proxy statement/prospectus, are not historical facts, but rather are based on current expectations, estimates and projections. Words such as anticipates, expects, intends, plans, believes, seeks, could, shou projects, estimates and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond Cliffs and Alpha s control, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. In that event, Cliffs or Alpha s business, financial condition or results of operations could be materially adversely affected, and investors in Cliffs or Alpha s securities could lose part or all of their investment. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this joint proxy statement/prospectus or, in the case of documents incorporated by reference, the date referenced in those documents. We are not obligated to update these statements or publicly release the result of any revision to them to reflect events or circumstances after the date of this joint proxy statement/prospectus or, in the case of documents incorporated by reference, the date referenced in those documents, or to reflect the occurrence of unanticipated events.

You should understand that the risks, uncertainties, factors and assumptions listed and discussed in this joint proxy statement/prospectus, including those set forth under the headings Risk Factors beginning on page 27 and Management s Discussion and Analysis of Financial Condition and Results of Operations of Cliffs Market Risks beginning on page 168; the risks discussed in Cliffs Annual Report on Form 10-K for the fiscal year ended December 31, 2007, in Item 7A Quantitative and Qualitative Disclosures about Market Risk ; the risks discussed in Alpha s Annual Report on Form 10-K for the fiscal year ended December 31, 2007, in item 7A Quantitative and Qualitative Disclosures about Market Risk, and Alpha s quarterly report on Form 10-Q for the period ended June 30, 2008, in Item 3 Quantitative and Qualitative Disclosures about Market Risk ; and the following important factors and assumptions, could affect the future results of the combined company following the merger, or the future results of Cliffs and Alpha if the merger does not occur, and could cause actual results or other outcomes to differ materially from those expressed or implied in any forward-looking statements:

- the ability of Cliffs to integrate the Alpha businesses with Cliffs businesses and achieve the expected benefits from the merger;
- the adoption of the merger agreement at the Alpha special meeting;
- the adoption of the merger agreement and approval of the issuance of Cliffs common shares in connection with the merger at the Cliffs special meeting;
- the timing of the completion of the merger;
- the actual financial position and results of operations of the combined company following the merger, which may differ significantly from the pro forma financial data contained in this joint proxy statement/prospectus;

changes in demand for iron ore pellets by North American integrated steel producers, or changes in Asian iron ore demand due to changes in steel utilization rates, operational factors, electric furnace production or imports into the United States and Canada of semi-finished steel or pig iron;

the impact of consolidation and rationalization in the steel industry;

timing of changes in customer coal inventories;

changes in, renewal of and acquiring new long-term coal supply arrangements;

inherent risks of coal mining beyond the combined company s control;

competition in coal markets;

railroad, barge, truck and other transportation performance and costs;

the geological characteristics of Central and Northern Appalachian coal reserves;

availability of mining and processing equipment and parts;

the combined company s assumptions concerning economically recoverable coal reserve estimates;

environmental laws, including those directly affecting coal mining production, and those affecting customers coal usage;

liability for litigation, administrative actions, and similar disputes;

inability to timely obtain permits, comply with government regulations or make capital expenditures required to maintain compliance; and

changes in laws and regulations.

THE ALPHA SPECIAL MEETING

General

This joint proxy statement/prospectus is being provided to Alpha stockholders as part of a solicitation of proxies by the Alpha board of directors for use at the special meeting of Alpha stockholders and at any adjournment thereof. This joint proxy statement/prospectus is first being furnished to stockholders of Alpha on or about , 2008. In addition, this joint proxy statement/prospectus is being furnished to Alpha stockholders as a prospectus for Cliffs in connection with the issuance by Cliffs of its common shares to Alpha stockholders in connection with the merger. This joint proxy statement/prospectus provides Alpha stockholders with information they need to know to be able to vote or instruct their vote to be cast at the special meeting of Alpha stockholders.

Date, Time and Place of the Alpha Special Meeting

The special meeting of Alpha stockholders will be held at the offices of Alpha located at One Alpha Place, Abingdon, Virginia 24212, on , 2008, at .

Purposes of the Alpha Special Meeting

At the Alpha special meeting, Alpha s stockholders will be asked:

to adopt the merger agreement; and

to approve adjournments of the Alpha special meeting if necessary to permit further solicitation of proxies if there are not sufficient votes at the time of the Alpha special meeting to approve the proposal to adopt the merger agreement.

Record Date; Outstanding Shares; Shares Entitled to Vote

The record date for the meeting for Alpha stockholders is October 10, 2008. This means that you must have been a stockholder of record of Alpha common stock at the close of business on October 10, 2008, in order to vote at the special meeting. You are entitled to one vote for each share of common stock you own. On Alpha s record date, there were 70,495,814 shares of Alpha common stock outstanding and entitled to vote, held by approximately holders of record.

A complete list of Alpha stockholders entitled to vote at the Alpha special meeting will be available for inspection at the principal place of business of Alpha during regular business hours for a period of no less than ten days before the special meeting and at the place of the Alpha special meeting during the meeting.

Quorum and Vote Required

A quorum of stockholders is necessary to hold a valid special meeting of Alpha. The required quorum for the transaction of business at the Alpha special meeting is a majority of the issued and outstanding shares of Alpha common stock entitled to vote and present at the special meeting, whether in person or by proxy. The abstentions will be counted in determining whether a quorum is present at the special meeting. As for broker non-votes, Alpha expects that there will be practical impediments that will prevent it from counting them for purposes of a quorum at the Alpha special meeting because Alpha does not anticipate that there will be any routine matters on the agenda for the Alpha special meeting.

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Adoption of the merger agreement requires the affirmative vote of at least a majority of the outstanding shares of Alpha common stock entitled to vote. The required vote of Alpha stockholders on the merger agreement is based upon the number of outstanding shares of Alpha common stock, and not the number of shares that are actually voted. Accordingly, the failure to submit a proxy card or to vote in person at the Alpha special meeting or the abstention from voting by Alpha stockholders, or the failure of any Alpha stockholder who holds shares in street name through a bank or broker to give voting instructions to such bank or broker, will have the same effect as a vote **against** the adoption of the merger agreement.

To approve any adjournment of the Alpha special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Alpha special meeting to approve the proposal to adopt the merger agreement, the affirmative vote of a majority of the shares of Alpha common stock present in person or represented by proxy and entitled to vote at the Alpha special meeting is required regardless of whether or not a quorum is present. Abstentions will have the same effect as a vote **against** the proposal to adjourn the special meeting, while broker non-votes and shares not in attendance at the special meeting will have no effect on the outcome of any vote to adjourn the special meeting.

ITEM 1 ***THE MERGER***

As discussed elsewhere in this joint proxy statement/prospectus, Alpha stockholders are considering and voting on a proposal to adopt the merger agreement. You should carefully read this joint proxy statement/prospectus in its entirety for more detailed information concerning the transactions contemplated by the merger agreement, including the merger. In particular, you are directed to the merger agreement, which is attached as Annex A to this joint proxy statement/prospectus.

The Alpha board of directors recommends that Alpha stockholders vote for the adoption of the merger agreement, and your properly signed and dated proxy will be so voted unless you specify otherwise.

ITEM 2 ***APPROVE ADJOURNMENT OF THE SPECIAL MEETING, IF NECESSARY, TO PERMIT FURTHER SOLICITATION OF PROXIES IF THERE ARE NOT SUFFICIENT VOTES AT THE TIME OF THE ALPHA SPECIAL MEETING TO APPROVE THE PROPOSAL TO ADOPT THE MERGER AGREEMENT***

Alpha stockholders may be asked to vote on a proposal to adjourn the Alpha special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Alpha special meeting to approve the proposal to adopt the merger agreement.

The Alpha board of directors recommends that Alpha stockholders vote for the proposal to adjourn the Alpha special meeting under certain circumstances, and your properly signed and dated proxy will be so voted unless you specify otherwise.

Stock Ownership and Voting by Alpha s Directors and Executive Officers

As of the record date for the Alpha special meeting, Alpha s directors and executive officers had the right to vote approximately 651,036 shares of the then outstanding Alpha voting stock at the Alpha special meeting. As of the record date of the Alpha special meeting, these shares represented 0.92% of the Alpha common stock outstanding and entitled to vote at the meeting. We currently expect that Alpha s directors and executive officers will vote their shares **for** approval and adoption of the merger agreement, although none of them has entered into any agreement requiring them to do so.

How to Vote

You may vote in person at the Alpha special meeting or by proxy. Alpha recommends you submit your proxy even if you plan to attend the special meeting. If you vote by proxy, you may change your vote if you attend and vote at the special meeting.

If you own common stock in your own name, you are an owner of record. This means that you may use the enclosed proxy card(s) to tell the persons named as proxies how to vote your shares. If you properly complete, sign and date your proxy card(s) or submit your proxy by telephone or over the Internet, your proxy will be voted in accordance with your instructions. The named proxies will vote all shares at the meeting for which proxies have been properly submitted (whether by mail, telephone or over the Internet) and not revoked. If you sign and return your proxy card(s) but do not mark your card(s) to tell the proxies how to vote your shares on each proposal, your proxy will be voted as recommended by the Alpha board of directors.

If you hold shares of Alpha common stock in a stock brokerage account or through a bank, broker or other nominee, or, in other words, in street name, please follow the voting instructions provided by that entity. With respect to the proposal to adopt the merger agreement, if you do not instruct your bank, broker or other nominee how to vote your shares, your bank, broker or other nominee will not be authorized to vote with respect to this proposal and a broker non-vote will occur, which will have the same effect as a vote **against** the adoption of the merger agreement. In addition, if you do not instruct your bank, broker or other nominee how to vote your shares with respect to the proposal to adjourn the meeting to solicit further proxies to approve the proposal to adopt the merger agreement, a broker non-vote will occur.

If you abstain from voting with respect to the proposal to adopt the merger agreement, it will have the same effect as a vote **against** the adoption of the merger agreement. With respect to the proposal to adjourn the meeting to solicit further proxies to approve the proposal to adopt the merger agreement, your abstention will have the same effect as a vote **against** the proposal to adjourn the special meeting.

If you are an owner of record, you have three voting options:

Internet: You can vote over the Internet at the Web address shown on your proxy card (http://www.cesvote.com). Internet voting is available 24 hours a day, 7 days a week. If you vote over the Internet, do not return your proxy card(s).

Telephone: In the U.S., Canada and Puerto Rico, you can vote by telephone by calling the toll-free number on your proxy card(s). Telephone voting is available 24 hours a day, 7 days a week. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded. If you vote by telephone, do not return your proxy card(s).

Mail: You can vote by mail by simply signing, dating and mailing your proxy card(s) in the postage-paid envelope included with this joint proxy statement/prospectus.

A number of banks and brokerage firms participate in a program that also permits stockholders whose shares are held in street name to direct their vote by telephone or over the Internet. If your shares are held in an account at a bank or brokerage firm that participates in such a program, you may direct the vote of these shares by telephone or over the Internet by following the voting instructions enclosed with the proxy form from the bank or brokerage firm. The Internet and telephone proxy procedures are designed to authenticate stockholders identities, to allow stockholders to give their proxy voting instructions and to confirm that those instructions have been properly recorded. Votes directed by telephone or over the Internet through such a program must be received by 11:59 p.m. on , 2008. Directing the voting of your shares will not affect your right to vote in person if you decide to attend the Alpha special meeting; however, you must first obtain a signed and properly executed legal proxy from your bank, broker or other nominee to vote your shares held in street name at the special meeting. Requesting a legal proxy prior to the deadline described above will automatically cancel any voting directions you have previously given by telephone or over the Internet with respect to your shares.

Revoking Your Proxy

If you are the owner of record of your shares, you can revoke your proxy at any time before its exercise by:

- sending a written notice to Alpha, at One Alpha Place, P.O. Box 2345, Abingdon, Virginia 24212, attention: Corporate Secretary, bearing a date later than the date of the proxy, that is received prior to the Alpha special meeting and states that you revoke your proxy;

- submitting your proxy again by telephone or over the Internet;

- signing another proxy card(s) bearing a later date and mailing it so that it is received prior to the special meeting; or

- attending the special meeting and voting in person, although attendance at the special meeting will not, by itself, revoke a proxy.

If your shares are held in street name by your broker, you will need to follow the instructions you receive from your broker to revoke or change your proxy.

Other Voting Matters

Voting in Person

If you plan to attend the Alpha special meeting and wish to vote in person, we will give you a ballot at the special meeting. However, if your shares are held in street name , you must first obtain from your broker, bank or other nominee a legal proxy authorizing you to vote the shares in person, which you must bring with you to the special meeting.

Electronic Access to Proxy Materials

This joint proxy statement/prospectus is available on our Internet site at http://www.alphanr.com.

People with Disabilities

We can provide reasonable assistance to help you participate in the special meeting if you tell us about your disability and how you plan to attend. Please write to Alpha, at One Alpha Place, P.O. Box 2345, Abingdon, Virginia 24212, attention: Corporate Secretary, or call at (276) 619-4410.

Proxy Solicitations

Alpha is soliciting proxies for the Alpha special meeting from Alpha stockholders. Alpha will bear the entire cost of soliciting proxies from Alpha stockholders, except that Cliffs and Alpha will share equally the expenses incurred in connection with the filing with the SEC of the registration statement of which this joint proxy statement/prospectus forms a part and the printing and mailing of this joint proxy statement/prospectus. In addition to this mailing, Alpha s directors, officers and employees (who will not receive any additional compensation for their services) may solicit proxies personally, electronically or by telephone. Alpha has also engaged D.F. King & Co., Inc., to assist in the solicitation of proxies for a fee estimated not to exceed $50,000, plus reimbursement of expenses. Alpha and its proxy solicitors will also request that banks, brokerage houses and other custodians, nominees and fiduciaries send proxy materials to the beneficial owners of Alpha common stock and will, if requested, reimburse the record holders for their reasonable out-of-pocket expenses in doing so.

Stockholders should not submit any stock certificates with their proxy cards. A transmittal form with instructions for the surrender of certificates representing shares of common stock or book-entry shares of common stock, as applicable, will be mailed to shares holders if the merger is completed.

Other Business

Alpha is not aware of any other business to be acted upon at the special meeting. If, however, other matters are properly brought before the Alpha special meeting, your proxies will have discretion to vote or act on those matters according to their best judgment and they intend to vote the shares as the Alpha board of directors may recommend.

Assistance

If you need assistance in completing your proxy card or have questions regarding Alpha s special meeting, please contact D.F. King & Co., Inc., 48 Wall Street, 22nd Floor, New York, New York 10005, banks and brokers call collect: (212) 269-5550, all others call toll-free: (888) 887-0082.

THE CLIFFS SPECIAL MEETING

General

This joint proxy statement/prospectus is being provided to Cliffs shareholders as part of a solicitation of proxies by the Cliffs board of directors for use at the special meeting of Cliffs shareholders and at any adjournments or postponements thereof. This joint proxy statement/prospectus is first being furnished to shareholders of Cliffs on or about , 2008. This joint proxy statement/prospectus provides Cliffs shareholders with information they need to know to be able to vote or instruct their vote to be cast at the special meeting of Cliffs shareholders.

Date, Time and Place of the Cliffs Special Meeting

The special meeting of Cliffs shareholders will be held at , on , 2008, at .

Purposes of the Cliffs Special Meeting

At the Cliffs special meeting, Cliffs shareholders will be asked:

- to adopt the merger agreement and approve the issuance of Cliffs common shares pursuant to the terms of the merger agreement;
- to approve the adjournment or postponement of the Cliffs special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Cliffs special meeting to adopt the merger agreement and approve the proposal to issue Cliffs common shares pursuant to the terms of the merger agreement; and
- to consider and take action upon any other business that may properly come before the Cliffs special meeting or any reconvened meeting following an adjournment or postponement of the Cliffs special meeting.

Record Date; Outstanding Shares; Shares Entitled to Vote

The record date for the meeting for Cliffs shareholders is October 6, 2008. This means that you must have been a holder of record of Cliffs common shares or Series A-2 preferred stock at the close of business on October 6, 2008, in order to vote at the special meeting. You are entitled to one vote for each common share and each share of Series A-2 preferred stock you own. On Cliffs record date, Cliffs voting securities carried 113,502,668 votes, which consisted of 13,502,463 common shares (excluding 21,121,065 shares of treasury stock) and 205 shares of Series A-2 preferred stock.

A complete list of Cliffs shareholders entitled to vote at the Cliffs special meeting will be available for inspection at the principal place of business of Cliffs during regular business hours for a period of no less than ten days before the special meeting and at the place of the Cliffs special meeting during the meeting.

Quorum and Vote Required

A quorum of shareholders is necessary to hold a valid special meeting of Cliffs. The holders of a majority of the stock issued and outstanding and entitled to vote at the special meeting, present in person or represented by proxy, will constitute a quorum at the special meeting of the shareholders for the transaction of business at the meeting (with

Cliffs common shares and Series A-2 preferred stock considered together as a single class). Abstentions will be counted in determining whether a quorum is present at the special meeting. As for broker non-votes, Cliffs expects that there will be practical impediments that will prevent Cliffs from counting the broker non-votes for purposes of a quorum at the Cliffs special meeting because Cliffs does not anticipate that there will be any routine matters on the agenda for such meeting.

The adoption of the merger agreement and approval of the issuance of Cliffs common shares pursuant to the terms of the merger agreement requires the approval of at least two-thirds of the votes entitled to be cast by the holders of outstanding common shares and Series A-2 preferred stock of Cliffs, voting together as a class. Accordingly, the failure to submit a proxy card or to vote in person at the Cliffs special meeting or the abstention from voting by Cliffs shareholders, or the failure of any Cliffs shareholder who holds shares in street name through a bank or broker to give voting instructions to such bank or broker, will have the same effect as a vote **against** the proposal to adopt the merger agreement and approve the issuance of Cliffs common shares in connection with the merger.

The former owners of PinnOak, which, held, collectively, as of the record date, 4,000,000 common shares of Cliffs, or approximately 3.5% of all of the common shares of Cliffs issued and outstanding as of the record date, and United Mining, which held as of the record date 4,311,471 common shares of Cliffs, or approximately 3.8% of the then issued and outstanding common shares of Cliffs, each entered into separate voting agreements with Cliffs, pursuant to which they have agreed, among other things, to vote their respective common shares of Cliffs in favor of the adoption of the merger agreement and the approval of the transactions contemplated thereby, including the merger.

To approve any adjournments or postponement of the Cliffs special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Cliffs special meeting to adopt the merger agreement and approve the issuance of Cliffs common shares, the affirmative vote of a majority of the voting shares represented at the special meeting is required, regardless of whether or not a quorum is present. Abstentions will have the same effect as a vote **against** the proposal to adjourn or postpone the special meeting, while broker non-votes and shares not in attendance at the special meeting will have no effect on the outcome of any vote to adjourn or postpone the special meeting.

ITEM 1 ***THE ADOPTION OF THE MERGER AGREEMENT AND THE ISSUANCE OF CLIFFS COMMON SHARES PURSUANT TO THE MERGER AGREEMENT***

As discussed elsewhere in this joint proxy statement/prospectus, Cliffs shareholders are considering and voting on a proposal to adopt the merger agreement and approve the issuance of common shares of Cliffs pursuant to the terms of the merger agreement. Cliffs shareholders should read carefully this joint proxy statement/prospectus in its entirety for more detailed information concerning the transactions contemplated by the merger agreement, including the merger. In particular, Cliffs shareholders are directed to the merger agreement, which is attached as Annex A to this joint proxy statement/prospectus.

The Cliffs board of directors recommends that Cliffs shareholders vote for the adoption of the merger agreement and the approval of the issuance of common shares pursuant to the merger and your properly signed and dated proxy will be so voted unless you specify otherwise.

ITEM 2 ***APPROVE ADJOURNMENT OR POSTPONEMENT OF THE SPECIAL MEETING, IF NECESSARY, TO PERMIT FURTHER SOLICITATION OF PROXIES IF THERE ARE NOT SUFFICIENT VOTES AT THE TIME OF THE CLIFFS SPECIAL MEETING TO APPROVE THE PROPOSAL TO ADOPT THE MERGER AGREEMENT AND ISSUE CLIFFS COMMON SHARES IN CONNECTION WITH THE MERGER***

Cliffs shareholders may be asked to vote on a proposal to adjourn or postpone the Cliffs special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Cliffs special meeting to approve the proposal to adopt the merger agreement and issue common shares of Cliffs pursuant to the terms of the merger agreement.

The Cliffs board of directors recommends that Cliffs shareholders vote for the proposal to adjourn or postpone the Cliffs special meeting under certain circumstances, and your properly signed and dated proxy will be so voted unless you specify otherwise.

Share Ownership and Voting by Cliffs   Directors and Executive Officers

As of the record date for the Cliffs special meeting, Cliffs directors and executive officers had the right to vote approximately 1,574,181 shares of the then outstanding Cliffs voting stock at the Cliffs special meeting. As of the record date of the Cliffs special meeting, these shares represented approximately 1.39% of the Cliffs common shares outstanding and entitled to vote at the meeting. We currently expect that Cliffs directors and executive officers will vote their shares **for** the adoption of the merger agreement and the approval of the issuance of Cliffs common shares in connection with the merger, although none of them has entered into any agreement requiring them to do so.

How to Vote

You may vote in person at the Cliffs special meeting or by proxy. Cliffs recommends you submit your proxy even if you plan to attend the special meeting. If you submit your proxy, you may change your vote if you attend and vote at the special meeting.

If you own stock in your own name, you are an owner of record. This means that you may use the enclosed proxy card(s) to tell the persons named as proxies how to vote your shares. If you properly complete, sign and date your proxy card(s) or submit your proxy by telephone or over the Internet, your proxy will be voted in accordance with your instructions. The named proxies will vote all shares at the meeting for which proxies have been properly submitted (whether by mail, telephone or over the Internet) and not revoked. If you sign and return your proxy card(s) but do not mark your card(s) to tell the proxies how to vote your shares on each proposal, your proxy will be voted as recommended by the Cliffs board of directors.

If you hold Cliffs shares in a stock brokerage account or through a bank, broker or other nominee, or, in other words, in street name, please follow the voting instructions provided by that entity. With respect to the proposal relating to the adoption of the merger agreement and the approval of the issuance of Cliffs common shares pursuant to the merger agreement, if you do not instruct your bank, broker or other nominee how to vote your shares, your bank, broker or other nominee will not be authorized to vote with respect to the proposal to adopt the merger agreement and approve the issuance of Cliffs common shares in the merger, and a broker non-vote will occur. This will have the same effect as the vote **against** the proposal to adopt the merger agreement and approve the issuance of Cliffs common shares in the merger. In addition, if you do not instruct your bank, broker or other nominee how to vote your shares with respect to the proposal to adjourn or postpone the meeting to solicit further proxies to approve the proposal to adopt the merger agreement and approve the issuance of Cliffs common shares pursuant to the merger agreement, a broker non-vote will occur.

If you abstain from voting with respect to the proposal to the issuance of Cliffs common shares pursuant to the merger agreement, your abstention will have the same effect as a vote **against** the proposal to adopt the merger agreement and approve the issuance of Cliffs common shares in the merger. With respect to the proposal to adjourn or postpone the meeting to solicit further proxies to approve the proposal to adopt the merger agreement and approve the issuance of Cliffs common shares in the merger, your abstention will have the same effect as a vote **against**the proposal to adjourn or postpone the special meeting, whether the quorum is present or not.

If you are an owner of record, you have three voting options:

Internet: You can vote over the Internet at the Web address shown on your proxy card(s). You will be prompted to enter your Control Number from your proxy card. This number will identify you as a shareholder of record. Follow the simple instructions that will be given to you to record your vote. If you vote over the Internet, do not return your proxy card(s).

Telephone: You can vote by telephone by calling the toll-free number on your proxy card(s). You will be prompted to enter your Control Number from your proxy card. This number will identify you as a shareholder of record. Follow the simple instructions that will be given to you to record your vote. If you vote by telephone, do not return your proxy card(s).

Mail: You can vote by mail by simply signing, dating and mailing your proxy card(s) in the postage-paid envelope included with this joint proxy statement/prospectus.

A number of banks and brokerage firms participate in a program that also permits shareholders whose shares are held in street name to direct their vote by telephone or over the Internet. If your shares are held in an account at a bank or brokerage firm that participates in such a program, you may direct the vote of these shares by telephone or over the Internet by following the voting instructions enclosed with the proxy form from the bank or brokerage firm. The Internet and telephone proxy procedures are designed to authenticate shareholders identities, to allow shareholders to give their proxy voting instructions and to confirm that those instructions have been properly

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recorded. Votes directed by telephone or over the Internet through such a program must be received by 11:59 p.m., on , 2008. Directing the voting of your shares will not affect your right to vote in person if you decide to attend the Cliffs special meeting; however, you must first obtain a signed and properly executed legal proxy from your bank, broker or other nominee to vote your shares held in street name at your special meeting. Requesting a legal proxy prior to the deadline described above will automatically cancel any voting directions you have previously given by telephone or over the Internet with respect to your shares.

Special Instructions for Northshore Mining Company and Silver Bay Power Company Retirement Savings Plan Participants. Each participant in the Northshore Mining Company and Silver Bay Power Company Retirement Savings Plan, or the Northshore and Silver Bay Plan, has the right to instruct the trustee of the Northshore and Silver Bay Plan as to how to have the shares held in such participant s plan account voted at the Cliffs special meeting. The Northshore and Silver Bay Plan participants cannot vote their Northshore and Silver Bay Plan shares directly; they can only direct the trustee how to vote those shares. The Northshore and Silver Bay Plan participants must return their instructions to the trustee on the enclosed proxy card by no later than the close of business on , 2008. If the Northshore and Silver Bay Plan participants do not return timely instructions to the Northshore and Silver Bay Plan trustee as to how to vote their shares or if the proxy card is unsigned, the shares of such Northshore and Silver Bay Plan participants will not be voted. Therefore, it is very important that participants in the Northshore and Silver Bay Plan provide the trustee with prompt and proper instructions. The Cliffs board of directors urges the Northshore and Silver Bay Plan participants to instruct the trustee to vote their shares **FOR** the proposals set forth in the proxy card.

Revoking Your Proxy

If you are the owner of record of your shares, you can revoke your proxy at any time before its exercise by:

- sending a written notice to Cliffs, at 1100 Superior Avenue East, Suite 1500, Cleveland, Ohio 44114, attention: Corporate Secretary, bearing a date later than the date of the proxy that is received prior to the Cliffs special meeting and states that you revoke your proxy;

- submitting your proxy again by telephone or over the Internet;

- signing another proxy card(s) bearing a later date and mailing it so that it is received prior to the special meeting; or

- attending the special meeting and voting in person, although attendance at the special meeting will not, by itself, revoke a proxy.

If your shares are held in street name by your broker, you will need to follow the instructions you receive from your broker to revoke or change your proxy.

Other Voting Matters

Voting in Person

If you plan to attend the Cliffs special meeting and wish to vote in person, we will give you a ballot at the special meeting. However, if your shares are held in street name , you must first obtain a legal proxy from your broker, bank or other nominee authorizing you to vote the shares in person, which you must bring with you to the special meeting.

Electronic Access to Proxy Material

This joint proxy statement/prospectus is available on our Internet site at http://www.cliffsnaturalresources.com.

People with Disabilities

We can provide you with reasonable assistance to help you participate in the special meeting if you tell us about your disability and how you plan to attend. Please write to Cliffs, at 1100 Superior Avenue East, Suite 1500, Cleveland, Ohio 44114, attention: Corporate Secretary, or call at (216) 694-5700, at least two weeks before the special meeting.

Proxy Solicitations

Cliffs is soliciting proxies for the Cliffs special meeting from Cliffs shareholders. Cliffs will bear the entire cost of soliciting proxies from Cliffs shareholders, except that Cliffs and Alpha will share equally the expenses incurred in connection with the filing with the SEC of the registration statement of which this joint proxy statement/prospectus forms a part and the printing and mailing of this joint proxy statement/prospectus. In addition to this mailing, Cliffs directors, officers and employees (who will not receive any additional compensation for their services) may solicit proxies personally, electronically or by telephone. Cliffs has also engaged Innisfree M&A Incorporated to assist in the solicitation of proxies for a fee not to exceed $400,000 plus reimbursement of expenses, including phone calls. Cliffs and its proxy solicitors will also request that banks, brokerage houses and other custodians, nominees and fiduciaries send proxy materials to the beneficial owners of Cliffs common shares and will, if requested, reimburse the record holders for their reasonable out-of-pocket expenses in doing so.

Other Business

Cliffs is not aware of any other business to be acted upon at the special meeting. If, however, other matters are properly brought before the special meeting, your proxies will have discretion to vote or act on those matters according to their best judgment and they intend to vote the shares as the Cliffs board of directors may recommend.

Assistance

If you need assistance in completing your proxy card or have questions regarding Cliffs special meeting, please contact Innisfree M&A Incorporated, 501 Madison Avenue, 20th Floor, New York, NY 10022, shareholders may call toll-free: (877) 456-3507, banks and brokers call collect: (212) 750-5833.

THE MERGER

General

Pursuant to the merger agreement, merger sub (which has been renamed Alpha Merger Sub, Inc. effective August 11, 2008) will merge with and into Alpha (or, under certain circumstances as described in Annex G, merger sub will be converted from a Delaware corporation into a Delaware limited liability company, Alpha Merger Sub, LLC, and Alpha will merge with and into Alpha Merger Sub, LLC). As a result of the merger, Alpha will become wholly owned by Cliffs.

Background of the Merger

As part of the continuous evaluation of its business, Cliffs board of directors and management have regularly evaluated Cliffs business strategy and prospects for growth and considered opportunities to improve Cliffs operations and financial performance in order to create value for Cliffs shareholders. As part of this process Cliffs management has evaluated various opportunities to expand and diversify its business through acquisitions, and has discussed such opportunities with Cliffs board of directors. As part of these evaluations, the Cliffs board of directors and management on various occasions have received advice from outside financial and legal advisors.

During the early 2000 s, the Cliffs board of directors reviewed various options for the business and determined that a strategy of growth and diversification was the best way to generate value for Cliffs shareholders. As a result of such evaluations, Cliffs has recently effected a number of strategic transactions, including the acquisition of a controlling interest in Australian iron ore producer Portman in 2005.

Joseph A. Carrabba, Cliffs Chairman, President and Chief Executive Officer, was hired by Cliffs in 2005 and became Chief Executive Officer in 2006 because of his extensive background in global diversified mining, having over two decades of experience in the industry, most recently as President and Chief Operating Officer for Diavik Diamond Mines, Inc., a subsidiary of Rio Tinto plc. Prior to his position at Diavik Diamond Mines, Inc., Mr. Carrabba served as General Manager of Weipa Bauxite Operation of Comalco Aluminum and in a variety of other positions throughout his career at Rio Tinto plc. In 2005, Mr. Carrabba led a strategic review of various minerals with the Cliffs board of directors to determine the best approach to growth and diversification.

In early 2007, Cliffs began articulating its strategy of diversification to a broad group of investors. This communication included an evaluation of various minerals throughout the periodic table and a discussion on various geographies.

During the first half of 2007, Cliffs acquired 30% of Amapá, a Brazilian iron ore producer, and 45% of Sonoma, an Australian coal operation. Sonoma was Cliffs first acquisition of coal assets.

On June 14, 2007, Cliffs announced the acquisition of metallurgical coal producer PinnOak. In addition to the PinnOak transaction, Cliffs has evaluated other coal mining opportunities from time to time, including an acquisition of Alpha.

Alpha, in consultation with outside legal and financial advisors, regularly reviews strategic alternatives to Alpha s stand-alone plan, including business combinations with, acquisitions of and sales to, other companies active in the metals and mining sector. In connection with and as a result of these ongoing reviews, in 2006 and 2007 Alpha engaged in preliminary or exploratory confidential discussions with several potential acquisition targets, merger partners and acquirers.

In 2006 and 2007, Alpha, in consultation with its outside counsel, Cleary Gottlieb Steen & Hamilton LLP, or Cleary Gottlieb, and its financial advisor, considered and engaged in exploratory discussions and due diligence with another company operating in the coal mining sector, which is referred to as Company 1, regarding a possible at-market merger of equals between Alpha and Company 1. These discussions did not result in a transaction due to disagreements relating to the relative valuation of the two companies and the appropriate allocation of management responsibilities for the combined company. As an alternative to this proposed merger of equals transaction, Company 1 made a preliminary proposal to acquire Alpha. At a special meeting of the board of directors of Alpha held on May 31, 2007, the Alpha board determined that this preliminary proposal was inadequate. Discussions between Alpha and Company 1 terminated shortly thereafter.

Also in 2007, Alpha, in consultation with Cleary Gottlieb and its financial advisor, considered and engaged in exploratory discussions and due diligence with a different company operating in the coal mining sector, which is referred to as Company 2, regarding a possible acquisition of Alpha by Company 2 for all-stock consideration. These discussions terminated in the summer of 2007, when Company 2 informed Alpha that it did not intend to proceed with the potential transaction because, in view of the trading prices of the stock of the respective companies, the transaction would be economically dilutive to Company 2.

In late spring 2007, Michael J. Quillen, Alpha s Chairman and Chief Executive Officer, and Mr. Carrabba had a preliminary conversation regarding the general possibility of a strategic collaboration between Cliffs and Alpha.

During the spring and summer of 2007, Cliffs and Alpha discussed the possibility of a stock-for-stock transaction in which Cliffs would have acquired all of the common stock of Alpha at an implied premium to Alpha s trading price. As part of those discussions, the parties entered into a confidentiality agreement on June 21, 2007, which contained reciprocal standstill obligations of the parties for a period of 18 months, subject to specified exceptions.

During July and August 2007, Alpha and Cliffs and their respective financial and legal advisors conducted reciprocal due diligence investigations and engaged in further discussions regarding the terms of this potential all-stock transaction. The discussions did not progress beyond preliminary analyses of the economics of an exchange ratio and the structure of the transaction and the post-transaction governance arrangements.

On August 9, 2007, Cliffs management and the members of the board of directors held a board meeting. Representatives of Cliffs outside counsel, Jones Day, and other outside advisors participated in the meetings. At the meeting, management and the board conducted a strategic review of the global coal industry and potential opportunities in the coal space. At the conclusion of the meeting, the Cliffs board of directors authorized management to continue pursuing a possible merger transaction with Alpha.

On September 11, 2007, Cliffs management and board of directors, at a regularly scheduled meeting, further discussed a potential transaction with Alpha. The Cliffs board of directors determined that it was not the right time to pursue a potential transaction with Alpha.

On September 18, 2007, Mr. Carrabba notified Mr. Quillen that the Cliffs board was not prepared to proceed with the proposed business combination at that time.

In the course of the Alpha board s oversight of Alpha s discussions with Cliffs, the board considered the interests that one director of Alpha, John Brinzo, had in Cliffs as a result of his former role as Chair of Cliffs, including his receipt of a pension from Cliffs and ownership of common shares and unvested performance shares of Cliffs. Mr. Brinzo confirmed that he no longer owed any duties to Cliffs, including duties of disclosure or confidentiality, and that he would share with the Alpha board all material information in his possession relating to Cliffs. The Alpha board considered and discussed Mr. Brinzo s former relationship with and interests relating to Cliffs from time to time at meetings in 2007 and 2008 whenever discussions turned to Alpha s relationship with Cliffs, including in executive session without Mr. Brinzo present. After considering the factual background, the board took the view consistently during 2007 and 2008 that Mr. Brinzo s prior relationship with Cliffs and his existing interests in Cliffs did not preclude him from being a valuable contributor to the Alpha board s deliberations about strategic alternatives and matters relating to Cliffs and, in any event, that Mr. Brinzo was not in any way improperly influencing the deliberative processes of the board.

Beginning in November 2007, Mr. Carrabba engaged in informal discussions on several occasions with the Chief Financial Officer of another North American coal producer, which is referred to as Company A, regarding a potential combination of the two companies. The parties did not enter into a confidentiality agreement or engage in due diligence. The potential opportunity to acquire Company A was first reviewed with the Cliffs board in January 2008. Mr. Carrabba and the Chairman of Company A met on February 25, 2008. At that meeting, Mr. Carrabba outlined in general terms the possibility of a stock and cash offer for Company A. Company A s Chairman indicated that while he was open to discussions, a stock deal would not be attractive and he was not convinced of the strategic rationale of the proposed combination. With worsening credit markets in March and April and a sharp increase in Company A s stock price, Cliffs determined that an offer to acquire Company A at that time was not feasible. The discussions with Company A did not progress beyond the February 25 meeting.

In 2007, in addition to the respective discussions described above with Cliffs, Company 1 and Company 2, Alpha, in consultation with its advisors, engaged in exploratory and preliminary discussions with strategic and financial buyers who contacted Alpha to express an interest in considering an acquisition of Alpha. These strategic and financial buyers withdrew from or ceased discussions before the discussions ever advanced beyond the exploratory and preliminary stage.

Beginning in mid-April 2008, Cliffs management and J.P. Morgan, financial advisor to Cliffs, met on several occasions to discuss potential acquisition opportunities, with an emphasis on opportunities to acquire metallurgical coal assets.

Exploratory discussions of a possible transaction involving Alpha and Cliffs resumed in April 2008. In late April 2008, Mr. Quillen and Mr. Carrabba agreed to reinitiate exploratory discussions for a potential combination involving Alpha, Cliffs and Company A. Executives from Cliffs and Alpha had further exploratory discussions about this potential combination on April 28 and April 29, 2008.

In April 2008, Mr. Carrabba contacted a representative of a company with interests in the metals and mining sector, which is referred to as Company 4, to request a meeting to generally discuss current business between the companies.

As a result of this contact, on April 28, 2008, a senior executive of Company 4 met with Mr. Carrabba. During this meeting, the representatives of Company 4 indicated that Company 4 would be interested in a potential acquisition of Cliffs for cash, but did not mention any price.

During May 2008, exploratory discussions between Alpha and Company 2 regarding a potential transaction resumed. These discussions focused on a possible acquisition of Company 2 by Alpha for all-stock consideration.

During May 2008, Alpha also signed a confidentiality agreement with another company in the coal sector, which is referred to as Company 3, and commenced preliminary discussions and due diligence with senior representatives of Company 3 with a view toward an acquisition of Company 3 by Alpha.

In addition to these discussions with Cliffs, Company 2 and Company 3, during the first half of 2008, Alpha engaged in exploratory discussions and due diligence with other parties about other potential significant acquisition transactions by Alpha. None of these acquisition transactions advanced beyond these preliminary stages due to either a reluctance of the counterparty to sell or different perspectives on valuation.

On May 6, 2008, Mr. Carrabba and Laurie Brlas, Cliffs Chief Financial Officer, met with Mr. Quillen, Kevin Crutchfield, Alpha s President, and David Stuebe, Alpha s Chief Financial Officer, to discuss the possible combination involving Cliffs, Alpha and Company A. Representatives of J.P. Morgan and Citi were also in attendance. During this meeting, representatives of Cliffs proposed a potential three-way, all-stock combination in which Alpha and Company A would each have received a 10% premium and two seats on the combined company s board of directors. All in attendance at the meeting agreed that the potential three-way combination merited further consideration. Each of Cliffs and Alpha agreed to discuss the potential combination with their respective boards of directors in upcoming board meetings.

On May 13, 2008, the Cliffs board of directors held a regularly scheduled board meeting. Representatives from J.P. Morgan, Cliffs financial advisor, and Jones Day, legal counsel to Cliffs, participated in the meeting. Cliffs management and representatives of J.P. Morgan discussed with the Cliffs board of directors a number of trends in the iron ore and coal industries. During the course of the meeting, Cliffs management indicated its view that the acquisition of PinnOak, while recently completed, had been very successful. Cliffs management also reiterated its belief that an acquisition of, or a combination with, a significant producer of metallurgical coal was a critical component to the successful implementation of Cliffs long-term growth strategy to create value for Cliffs shareholders. Toward that end, Cliffs management and representatives of J.P. Morgan outlined a number of potential opportunities to acquire metallurgical coal assets, including the possible combination involving Cliffs, Alpha and Company A. Cliffs management reported on the preliminary discussions of the May 6th meeting with Alpha regarding the potential three-way combination. Cliffs board of directors carefully considered the benefits and risks of a potential transaction among Cliffs, Alpha and Company A and, following a thorough discussion, Cliffs board of directors authorized management to engage in formal discussions with Alpha and Company A regarding a combination of the three companies. Also, at the meeting, the directors, as well as members of Cliffs senior management and representatives of Cliffs legal and financial advisors also reviewed the discussions between Mr. Carrabba and the senior representative of Company 4, as well as Cliffs stand-alone plan. Cliffs board of directors asked a number of questions of its legal and financial advisors. After a careful deliberation and consideration, the Cliffs board of directors determined that it was not in the best interests of Cliffs and its shareholders to pursue a transaction with Company 4 at that time. The board of directors instructed Cliffs management to inform Company 4 of its decision.

On May 14, 2008, the Alpha board of directors held a regularly scheduled meeting, in which members of Alpha senior management also participated. During the meeting, the board reviewed the recent discussions with Cliffs, Company 2 and Company 3, as well as other alternatives available to Alpha. The Alpha board of directors engaged in a discussion regarding the benefits and risks of potential transactions involving Cliffs, Company A, Company 2, Company 3 and other alternatives available to Alpha and, thereafter, instructed Alpha s management to continue discussions with respect to these potential transactions.

On May 15, 2008, Mr. Carrabba informed a senior representative of Company 4 that Cliffs was not interested in pursuing a transaction with Company 4 at such time. Following this conversation, Company 4 did not subsequently contact Cliffs regarding a potential transaction.

On May 16, 2008, Mr. Quillen spoke with Company A s Chairman, who agreed to meet with representatives from Alpha and Cliffs later that spring.

On May 28, 2008, a representative of Company 4 contacted an executive of Alpha to request a meeting. As a result of this contact, on June 4, 2008, representatives of Alpha met with representatives of Company 4. During this

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meeting, the representatives of Company 4 indicated that Company 4 would be interested in a potential acquisition of Alpha for cash.

On May 30, 2008, after consulting with members of the Alpha board of directors, Mr. Quillen sent to Company 2 s Chief Executive Officer a preliminary, non-binding proposal letter outlining the main terms of a possible acquisition of Company 2 by Alpha for all-stock consideration representing a 25% premium over Company 2 s trading price on a date to be agreed. On June 3, 2008, representatives of Alpha and Company 2 and their respective financial and legal advisors met for a preliminary discussion on the main terms of the proposed transaction. Following this meeting, Alpha and Company 2, together with their advisors, began negotiations regarding the terms of a potential transaction, including the terms of a merger agreement.

During the first week of June 2008, senior representatives of Company 3 and Alpha held further preliminary discussions about a business combination of the two companies. Talks with Company 3 about such a business combination never progressed beyond the preliminary stage.

On June 2, 2008, Mr. Carrabba and Mr. Quillen had a meeting with the Chairman of Company A to discuss a potential combination of the three companies. The Chairman of Company A indicated that he would discuss the potential combination with his board of directors at an upcoming meeting. Shortly thereafter, Mr. Carrabba contacted the Chairman of Company A to follow-up on the June 2, 2008 meeting and to determine whether Company A would be willing to enter into a customary confidentiality agreement with Cliffs and Alpha so that the parties could commence reciprocal due diligence. Company A s Chairman indicated that while he believed the potential combination might be worth exploring, Company A s board of directors was not willing to pursue a potential transaction at that time.

Following Mr. Carrabba s discussion with Company A, Mr. Carrabba and Mr. Quillen had further discussions. Despite the fact that Company A was unwilling to pursue further discussions regarding a potential three-way combination, Mr. Carrabba and Mr. Quillen continued to believe that a combination of Cliffs and Alpha was a compelling transaction that the parties should continue to explore. They agreed to continue to engage in discussions and due diligence with respect to a potential combination between the two companies. During these further discussions, Mr. Carrabba reiterated Cliffs interest in pursuing a combination with Alpha for all-stock consideration at a 10% premium.

On June 9, 2008, Alpha engaged Citi to act as its financial advisor in connection with the proposed transaction with Cliffs, which engagement was formalized pursuant to an engagement letter executed on July 15, 2008.

Also on June 9, 2008, Alpha held a special meeting of the board of directors at which the directors reviewed and discussed, in consultation with management, Citi and Cleary Gottlieb, the alternatives available to Alpha. Alpha s senior management and representatives of Citi reviewed with the Alpha board the recent discussions with Cliffs, Company 2, Company 3 and Company 4, as well as other potential counterparties. After a discussion regarding the risks and benefits of these potential transactions, the Alpha board of directors instructed management to continue its ongoing discussions with Cliffs and the other interested parties.

On June 10, 2008, Mr. Quillen and Mr. Crutchfield met with representatives of Company 4. During the meeting, Company 4 s representatives made a verbal, non-binding proposal to acquire Alpha at a price of $97 to $100 per share in cash and requested a response from Alpha to this proposal within 48 hours.

On June 11, 2008, Mr. Crutchfield called a representative of Company 4 to inform him that Alpha s board of directors, with the assistance of Alpha s advisors, would carefully consider Company 4 s proposal in the context of Alpha s stand-alone strategy and other opportunities that Alpha had been considering and would not be in a position to provide a response before completing such a thorough review and assessment. Mr. Crutchfield also indicated that Alpha was willing to share confidential information with Company 4 upon its entering into a confidentiality and standstill agreement. On June 12, 2008, Mr. Quillen spoke to a representative of Company 4 to convey a similar message.

Also on June 11, 2008, Alpha held a special meeting of the board of directors at which the directors, in consultation with Alpha s senior management and representatives of Citi and Cleary Gottlieb, discussed and analyzed the oral, non-binding proposal received from Company 4, the recent discussions with Cliffs and Company

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2, and the latest developments on the other strategic opportunities under consideration. The Alpha board of directors instructed management to continue its ongoing discussions with Cliffs and the other interested parties and determined to discuss these developments again at another board meeting to be scheduled later that month.

On June 13, 2008, Company 4 sent a letter to Alpha reiterating Company 4 s non-binding proposal to acquire all the outstanding shares of Alpha common stock at a cash price of $97 to $100 per share and requesting a response by June 20, 2008. During this period, the trading price of Alpha common stock at times exceeded the price being offered by Company 4 (e.g., the opening trading price per share on June 19, 2008 was $102.40).

On June 16, 2008, representatives of Cliffs, Jones Day and J.P. Morgan met to discuss a potential business combination transaction with Alpha. On June 18, 2008, Mr. Carrabba asked Mr. Quillen to inform him, after Alpha s next board meeting, whether Alpha remained interested in a business combination transaction with Cliffs on the terms previously discussed.

On June 19, 2008, Alpha held a special meeting of the board of directors at which the directors, as well as members of Alpha s senior management and representatives of Citi and Cleary Gottlieb, reviewed in detail Alpha s alternatives and stand-alone plan. Alpha management updated the directors on the latest developments regarding potential transactions under consideration by Alpha, including the status of discussions with Cliffs, Company 2, Company 3, and Company 4. Representatives from Citi reviewed with the board information about and analyses of the various strategic alternatives available to Alpha. Representatives from Cleary Gottlieb then discussed with the board the legal standards applicable to its decisions and actions with respect to the various potential transactions. The Alpha board instructed management to continue to pursue discussions with each of Cliffs, Company 2, and Company 4 in order to more fully develop, refine and, if possible, improve each of these alternatives and, in the case of Company 4 and Cliffs (but not Company 2), to convey that their most recent proposals were inadequate.

On June 20, 2008, Mr. Quillen communicated to Company 4 that its proposal at $97 to $100 in cash was inadequate and to Cliffs that the 10% all-stock premium that Cliffs had discussed in the context of the earlier discussions was inadequate. Mr. Quillen then updated the Alpha board on these discussions. In parallel, Alpha management proceeded with negotiations and discussions with Company 2.

On June 24, 2008, Cliffs and Alpha entered into a clean team confidentiality agreement governing the exchange of sensitive confidential information to selected representatives of each other in the context of the reciprocal due diligence for a possible business combination transaction.

On June 26, 2008, Mr. Carrabba, Ms. Brlas and Mr. Steve Baisden, Cliffs director of investor relations, met with a senior representative of Harbinger Capital Partners as part of a customary road show with one of Cliffs sell-side analysts. Cliffs did not provide Harbinger Capital Partners with any non-public information. The parties discussed general industry dynamics and Cliffs strategy to diversify and further expand into coal. Cliffs noted that Appalachian coal was ripe for consolidation. The senior representative of Harbinger Capital Partners expressed strong support for Cliffs acquisition of PinnOak. Based on filings with the SEC, Harbinger Capital Partners increased its ownership stake in Cliffs shortly after the June 26, 2008 meeting.

On June 27, 2008, Alpha and Company 4 entered into a confidentiality agreement that contained reciprocal standstill obligations of the parties.

On June 30, 2008, representatives of Cliffs and J.P. Morgan, on one hand, and Alpha and Citi, on the other hand, met to conduct reciprocal financial and operational due diligence and to discuss the terms, conditions and structure of a potential combination of Cliffs and Alpha.

Also on June 30, 2008, Alpha held a special meeting of the board of directors at which the directors discussed and analyzed, in consultation with management, Citi and Cleary Gottlieb, the most recent discussions with Cliffs, Company 2, and Company 4 and further prepared themselves to be in a position to act quickly and in an informed manner if revised proposals were made by Cliffs, Company 2, or Company 4.

From June 20 through July 8, 2008, Alpha s senior management and advisors continued to engage in negotiations with Company 2 and its advisors regarding the terms of the proposed merger transaction, including exchanging several drafts of a merger agreement. In the course of these negotiations, Alpha and Company 2 agreed to increase the premium payable to Company 2 shareholders from 25% to 27%. By July 8, 2008, the primary open issue in the negotiations between Alpha and Company 2 was how to allocate the risk that the financing needed for the proposed transaction would not be obtained. Although the proposed transaction with Company 2 called for all-stock consideration, the combination would trigger acceleration of debt, mostly at Company 2, that would have had to be refinanced. On July 8, Company 2 s Chief Executive Officer communicated to Alpha that Company 2 would suspend all activity on the contemplated transaction until Alpha agreed that the merger agreement would contain neither any financing condition nor any limitation on Alpha s liability in the event closing failed to occur due to the failure of the financing to be disbursed. Alpha s board of directors did not believe this to be a reasonable request. Alpha and Company 2 and their advisors then ceased discussions on the merger agreement. However, Alpha continued discussions with its debt financing sources regarding the terms of the financing for the proposed transaction and continued to update Company 2 regarding these discussions. Alpha s senior management and advisors then took steps to facilitate the making of revised acquisition proposals by each of Cliffs and Company 4. These activities included the sharing of due diligence materials with Cliffs and Company 4 and impressing upon them the need to come forward with their best and final proposals.

On July 2 and 3, 2008, representatives of Cliffs and Alpha and their respective financial advisors engaged in numerous discussions concerning due diligence and potential transaction structures.

On July 8 and 9, 2008, representatives of Company 4 and its advisors attended site visits and management presentations at Alpha s facilities.

Also on July 8 and 9, 2008, the Cliffs board of directors convened a regularly scheduled meeting. Representatives from J.P. Morgan and Jones Day participated in the meeting on the morning of July 8, 2008. At this meeting, the Cliffs management reviewed with the Cliffs board of directors the status of the discussions to date with Alpha and Citi regarding a potential business combination transaction. Also at this meeting, J.P. Morgan presented a preliminary analysis of a combination of Cliffs and Alpha. In addition, Jones Day discussed the board of directors fiduciary duties in the context of an acquisition transaction. At the conclusion of the July 8, 2008 board meeting, Cliffs board of directors authorized management to make a formal non-binding offer of $13.78 per share in cash and one common share of Cliffs for each share of Alpha common stock.

On July 8, 2008, Cliffs executed an engagement letter with J.P. Morgan.

During the late morning on July 8, 2008, representatives of Cliffs management, Jones Day and J.P. Morgan met to discuss the non-binding offer to acquire Alpha, the outstanding due diligence requests and the terms of the financing to be arranged by JPMorgan Chase Bank, N.A., which is referred to as JPMCB.

Also, during the early afternoon of July 8, 2008, a senior representative of Harbinger Capital Partners called Mr. Carrabba and Ms. Brlas to consult generally about factors to consider when contemplating an acquisition of Appalachian coal assets or coal assets in Alabama. The parties discussed generally those factors that Cliffs typically focuses on in connection with such acquisitions. The senior representative of Harbinger Capital Partners thanked them for the information and concluded the call.

During the afternoon of July 8, 2008, Mr. Carrabba and Ms. Brlas met with Mr. Quillen and Mr. Crutchfield in Abingdon, Virginia. At this meeting, Mr. Carrabba and Ms. Brlas presented to Mr. Quillen and Mr. Crutchfield the terms of Cliffs non-binding offer for the acquisition of all outstanding shares of Alpha common stock for a per share consideration of one Cliffs common share and $13.78 in cash. Based on the closing price of Cliffs common shares on July 7, 2008, the proposal was valued at $112.13 per share, which represented an implied premium of approximately 28% as of that date. In the proposal to Alpha, Cliffs proposed to expand its board of directors to include Mr. Quillen, who would become non-executive vice chairman of Cliffs, and Glenn A. Eisenberg, a non-management member of Alpha s board. In addition, Cliffs proposed to appoint Mr. Crutchfield to the post of president of Cliffs coal division, and to call the combined company Cliffs Natural Resources Inc. This proposal indicated, among other things, that the proposed acquisition would not be subject to any financing condition and that both parties would be subject to a customary reciprocal break-up fee.

On July 9, 2008, Cliffs delivered to Alpha an initial draft of the merger agreement.

Also on July 9, 2008, Alpha held a special meeting of its board of directors at which the directors, in consultation with management, Citi and Cleary Gottlieb, analyzed and discussed Cliffs July 8, 2008 proposal and the alternatives available to Alpha, including the possibility of a revised proposal from Company 4. Alpha s senior management then reviewed with the Alpha board the results of Alpha s financial and legal due diligence investigation of Cliffs in 2007 and its additional investigation during the prior weeks. Representatives of Cleary Gottlieb and Citi informed the board that, under Ohio law, the transaction would require the approval of two-thirds of Cliffs outstanding shares and that Harbinger Capital Partners would therefore play a very important role in determining whether shareholder approval would be obtained. Harbinger Capital Partners has shared voting and dispositive power with respect to 16,616,472 shares (based upon information contained in an amendment to Schedule 13D filed by Harbinger Capital Partners with the SEC on August 14, 2008), which constituted 14.64%, of Cliffs outstanding common shares as of October 6, 2008. The board of directors instructed Alpha s management and advisors to continue negotiations with Cliffs on the terms of the proposed transaction as set forth in the draft merger agreement and to communicate to Cliffs that the board strongly believed that Cliffs should discuss the proposed transaction with Harbinger Capital Partners prior to the execution of a definitive merger agreement. The board of directors also instructed Alpha s management and advisors to continue working on the terms of the financing for the possible transaction with Company 2. In addition, the board instructed Alpha s management to communicate to Company 4 s advisors that if Company 4 intended to make a revised proposal for the acquisition of Alpha, it should do so in the next few days. Representatives of Alpha subsequently informed Company 4 that any revised proposal should be submitted no later than July 14, 2008.

On July 9, 2008, Mr. Quillen indicated to the Chief Executive Officer of Company 2 that Alpha was now in serious discussions with another party for a strategic transaction and that he anticipated that the value represented by this other transaction would be of interest to Alpha s board. Mr. Quillen advised the Chief Executive Officer of Company 2 that Alpha was proceeding with negotiations with its banks on financing of the transaction with Company 2 and would continue that work and that Alpha hoped to report back on July 14, 2008 based on feedback from the banks.

On July 11, 2008, the Cliffs board of directors convened a special meeting. Representatives of J.P. Morgan and Jones Day participated in the meeting. At this meeting, Mr. Carrabba and Ms. Brlas provided the Cliffs board of directors with an update concerning their discussions with Mr. Quillen and Mr. Crutchfield on July 8, 2008.

Representatives of Jones Day and Cleary Gottlieb had a brief discussion regarding the merger agreement later on July 11, 2008. The representatives of Cleary Gottlieb indicated that, given the size of Harbinger Capital Partners equity interest in Cliffs and the required Cliffs shareholder approval necessary to complete the proposed transaction, Alpha s board of directors believed very strongly that Cliffs should discuss the proposed transaction with Harbinger Capital Partners prior to the execution of a definitive merger agreement. Later that evening, representatives of Cleary Gottlieb delivered to Jones Day a mark-up of the merger agreement sent by Cliffs on July 9, 2008.

From July 11 through July 13, 2008, Cliffs and Alpha and their respective advisors negotiated the terms of the merger agreement.

On July 13, 2008, the Cliffs board of directors convened a special meeting. Representatives of J.P. Morgan and Jones Day participated in the meeting. At this meeting, the Cliffs management team reviewed with the board of directors of Cliffs, J.P. Morgan and Jones Day, the status of the negotiations with Alpha and the proposed terms and conditions of the merger. During this meeting, Cliffs management also reviewed the results of its financial and legal due diligence investigation, and J.P. Morgan reviewed its updated financial analysis of the proposed business combination. Jones Day reviewed the material terms and conditions of the merger agreement, as reflected in the then current draft, and the legal duties and responsibilities of the Cliffs board of directors in connection with the proposed merger.

On July 13, 2008, Alpha held a special meeting of its board of directors at which the directors, in consultation with management and representatives of Citi and Cleary Gottlieb, discussed and analyzed the proposed transaction with Cliffs and considered the other alternatives available to Alpha, including Alpha s stand-alone plan, the possibility of receiving a proposal from Company 4, the proposed transaction with Company 2, and the relative impact to shareholders of these different alternatives, including illustrative financial metrics prepared by Citi indicating that the proposed transaction with Cliffs could be more attractive, from a financial point of view, to Alpha s stockholders than the proposed combination with Company 2, given certain financial assumptions. Management informed the board that, despite requests to representatives of Company 4 and its financial advisor,

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Company 4 had not submitted a revised proposal to acquire Alpha, nor had it signaled its intention to do so in due course. Management also informed the Alpha board that the negotiations with Company 2 remained stalled due to the insistence by Company 2 that Alpha bear all risk, without any limitation, relating to financing. In addition, Alpha was still awaiting the commitment letter from the banks as to financing the Company 2 acquisition. Alpha s management updated the board regarding the results of its legal and financial due diligence investigation of Cliffs. Representatives of Cleary Gottlieb and Citi reviewed for the board the terms of the draft merger agreement with Cliffs, including the remaining open issues, and the timing and process of the proposed merger. In addition, representatives of Cleary Gottlieb and Citi reiterated to the board that, under Ohio law, the transaction would require the approval of two-thirds of Cliffs outstanding shares and that Harbinger Capital Partners would therefore play a very important role in determining whether shareholder approval would be obtained. Citi reviewed with the board certain financial information regarding the proposed transactions under consideration. Alpha s board of directors then instructed management to continue negotiations with Cliffs in order to resolve the remaining legal issues on the merger agreement, to see if the consideration offered by Cliffs could be enhanced, and to require Cliffs to consult with Harbinger Capital Partners to determine whether Harbinger Capital Partners would oppose this transaction. The Alpha board instructed management that it should focus its efforts on obtaining enhanced merger consideration value, rather than negotiating for any additional benefits relating to social issues, such as board representation.

During the evening of July 13, 2008, representatives of Jones Day delivered to Cleary Gottlieb a mark-up of the merger agreement in response to comments provided by Cleary Gottlieb on July 11, 2008.

During the course of July 14 and 15, 2008, representatives of Cliffs and Jones Day, on the one hand, and Alpha and Cleary Gottlieb, on the other hand, continued negotiating the terms of the merger agreement in detail.

During the morning of July 14, 2008, representatives of Cliffs and Alpha and their respective advisors discussed the terms of the merger agreement relating to the required approvals of Cliffs and Alpha stockholders. Representatives from Cleary Gottlieb and Alpha reiterated the view that Alpha s board of directors believed very strongly that Cliffs should discuss the proposed transaction with Harbinger Capital Partners prior to the execution of a definitive merger agreement.

During the afternoon of July 14, 2008, Mr. Quillen called Mr. Carrabba to reiterate the Alpha board of directors desire to have Cliffs obtain from Harbinger Capital Partners some indication that Harbinger Capital Partners was not opposed to the transaction. Mr. Quillen also informed Mr. Carrabba that Alpha s board of directors would not accept the offer of $13.78 in cash plus one Cliffs common share for each share of Alpha common stock. Based on the closing price of Cliffs stock on July 11, 2008, the most recent trading day prior to July 14, the value of such consideration was $123.19, which represented an implied premium of approximately 27% as of July 11, 2008. Mr. Quillen also advised Mr. Carrabba that Alpha was looking for the merger consideration to represent an implied premium, to the then-market price, in the range of 36% and asked Cliffs to come back with its best offer.

Later on July 14, 2008, after consultation with certain members of the Cliffs board of directors, J.P. Morgan and Ms. Brlas, Mr. Carrabba called Mr. Quillen to inform him that Cliffs would be willing to increase the value of its offer by increasing the cash component of the merger consideration from $13.78 to $22.23 per share and reducing the stock portion of the merger consideration from 1 to 0.95 common share of Cliffs for each share of Alpha common stock. Based on the closing price of Cliffs stock on July 14, 2008, the value of such consideration was $130.00 per share, which represented an implied premium of approximately 32% as of such date. Mr. Quillen advised Mr. Carrabba that he would recommend this revised proposal to the board of Alpha, but first Alpha needed assurance that Cliffs would reach out to Harbinger Capital Partners before Alpha s board meeting. Executives of and advisors to Cliffs indicated to executives of and advisors to Alpha that, while Cliffs believed that Harbinger Capital Partners would approve of the proposed transaction based on recent discussions Harbinger Capital Partners had with Cliffs about Cliffs strategy to expand further into coal, Cliffs would accommodate Alpha s request that Cliffs speak directly to Harbinger Capital

Partners about this transaction to obtain its reaction.

On July 15, 2008 Mr. Quillen contacted the Chief Executive Officer of Company 2 to advise him that it looked likely Alpha would pursue an alternative deal. In addition, Mr. Quillen briefed the Chief Executive Officer of Company 2 that the banks had proposed financing terms for the combination of Alpha and Company 2 that were unattractive in several respects, including an interest rate that was substantially above Alpha s current interest rate. The Chief Executive Officer of Company 2 asked for a few hours to consider if there were any terms of Company 2 s proposed combination with Alpha that Company 2 wished to revise. Shortly thereafter, Company 2 delivered a letter to Alpha that indicated that it would be prepared to proceed with the proposed all-stock transaction between Company 2 and Alpha with a structure where Alpha would pay a reverse termination fee in the event the financing were not disbursed. The letter indicated that Company 2 expected the terms of the proposed transaction, including the economics, to otherwise remain unchanged from the previous discussions.

On July 15, 2008, Company 4 communicated to a senior executive of Alpha that Company 4 appreciated Alpha s cooperation in the process of conducting due diligence with respect to Alpha that Company 4 had recently completed, but was declining the opportunity to submit a revised proposal to acquire Alpha.

Also on July 15, 2008, the Cliffs board of directors met to discuss the final terms and conditions of the draft merger agreement. Also in attendance were members of Cliffs management and representatives of J.P. Morgan and Jones Day. Representatives of Jones Day and Cliffs management then reviewed with the Cliffs board of directors the final changes to the merger agreement, which had been provided to the directors prior to the meeting, discussed the status of the negotiations with Alpha, and the terms of Cliffs financing commitment letters from J.P. Morgan and JPMCB. Jones Day reviewed with the board members their fiduciary duties in the context of the proposed transaction. Representatives of J.P. Morgan then presented an updated financial analysis of the proposed transaction and delivered its oral opinion to the Cliffs board of directors, which was subsequently confirmed the same day in writing, that, as of July 15, 2008, based upon and subject to the various factors and assumptions set forth in the opinion, the merger consideration to be paid by Cliffs to the Alpha stockholders in the proposed merger was fair, from a financial point of view, to Cliffs. The full text of the written opinion by J.P. Morgan, which sets forth the assumptions made, general procedures followed, matters considered and limitations on the scope of the review undertaken by J.P. Morgan in concluding its financial analysis and rendering its opinion, is attached as Annex C to this joint proxy statement/prospectus.

At the conclusion of the July 15, 2008 meeting, the Cliffs board of directors unanimously adopted resolutions approving the merger agreement with Alpha, the merger and the other transactions contemplated by the merger agreement, declaring the merger advisable and in the best interests of Cliffs shareholders, authorizing Cliffs to enter into the merger agreement and recommending that the Cliffs shareholders adopt the merger agreement and approve the issuance of the Cliffs common shares in connection with the merger.

Immediately following the conclusion of the July 15, 2008 Cliffs board meeting, Mr. Carrabba called a senior representative of Harbinger Capital Partners. Prior to engaging in any discussions with this senior representative of Harbinger Capital Partners, Mr. Carrabba obtained an agreement from him to keep the information to be discussed confidential and not to engage in any trading so as to ensure compliance with Cliffs obligations under the federal securities laws. Having obtained the senior representative s agreement with respect to confidentiality, Mr. Carrabba informed him that Cliffs was about to execute an agreement to acquire Alpha in a cash and stock transaction and described the terms of the transaction. During this conversation, the senior representative of Harbinger Capital Partners indicated that he would be looking for more information about the transaction but gave no indication that Harbinger Capital Partners would oppose the transaction. After this conversation, Mr. Carrabba informed Mr. Quillen that Cliffs had presented the proposed transaction with Alpha to a senior representative of Harbinger Capital Partners in a confidential telephone call after the market closed on July 15, 2008. Mr. Carrabba stated that he believed Harbinger Capital Partners would support the transaction.

In the evening of July 15, 2008, Alpha held a special meeting of its board of directors at which the directors, in consultation with management, Citi and Cleary Gottlieb, reviewed and discussed the terms of the draft merger agreement, the terms of the debt commitment letter obtained by Cliffs to finance the transaction, the legal standards applicable to the board s decision-making processes, and financial analyses of the proposed transaction with Cliffs and the alternatives available to Alpha, including its stand-alone plan and the proposed transaction with Company 2. The board also considered the latest communication from Company 4 and the latest communication from Mr. Carrabba concerning his July 15, 2008 conversation with a senior representative of Harbinger Capital Partners. Representatives of Citi made a presentation to the board about the proposed transaction and Alpha s alternatives. In connection with the deliberation by the Alpha board of directors, Citi rendered to the Alpha board of directors its oral opinion, which was subsequently confirmed in writing on the same date, to the effect that, as of the date of the opinion and based upon and subject to the considerations and limitations set forth in the opinion, the presentation of financial analyses by Citi that accompanied the delivery of the opinion and other factors it deemed relevant, the merger consideration was fair, from a financial point of view, to the holders of Alpha common stock. The full text of Citi s opinion, which sets forth the assumptions made, general procedures followed, matters considered and limits on the review undertaken, is included as Annex B to this joint proxy statement/prospectus. Following these discussions, and review and discussion among the members of the Alpha board of directors, including consideration of the factors described under Alpha s Reasons for the Merger; Recommendation of Alpha s Board of Directors, the Alpha board of directors determined that the merger, the merger agreement and the transactions contemplated by the merger agreement were advisable and fair to and in the best interests of Alpha and its stockholders, and the directors (with Mr. Brinzo abstaining due to his prior relationship with Cliffs) voted unanimously to approve the merger, the merger agreement and the transactions contemplated by the merger agreement.

The merger agreement was executed by Cliffs, merger sub, and Alpha on July 15, 2008. On July 16, 2008, prior to the commencement of trading on the NYSE, Cliffs and Alpha issued a joint press release announcing the signing of the merger agreement.

On July 17, 2008, as part of a series of meetings with various Cliffs shareholders and Alpha stockholders to discuss the merger, Mr. Carrabba, Ms. Brlas and Mr. Quillen met with the senior representative of Harbinger Capital Partners. Immediately following the meeting, a Schedule 13D filed with the SEC by Harbinger Capital Partners became publicly available, asserting that the merger was not in the best interests of Cliffs shareholders. According to the Schedule 13D, Harbinger Capital Partners made the filing in order to reserve the right to be in contact with members of Cliffs management and board of directors.

On August 12, 2008, Mr. Carrabba received a call from the senior representative of Harbinger Capital Partners, who informed Mr. Carrabba that Cliffs should expect to receive a letter from Harbinger Capital Partners indicating its intention to effectuate certain block trades of Cliffs shares in the near future.

On August 14, 2008, Harbinger Capital Partners delivered to Cliffs an acquiring person statement, or the acquiring person statement, pursuant to the Ohio Control Share Acquisition Statute. Harbinger Capital Partners indicated in its acquiring person statement that it intended to acquire a number of Cliffs shares that, when added to the Harbinger Capital Partners current holdings in Cliffs common shares, would increase its voting power in the election of Cliffs directors to greater than one-fifth, but less than one-third, of the combined voting power of Cliffs common shares. Such an acquisition, which is a control share acquisition within the meaning of the Ohio Control Share Acquisition Statute, requires approval of the holders of at least a majority of voting power of all Cliffs shares entitled to vote in the election of the directors represented at the meeting (excluding the voting power of all interested shares (within the meaning of the Ohio Control Share Acquisition Statute)).

On August 15, 2008, the Cliffs board of directors held a special meeting at which it discussed with senior management and representatives from Jones Day and J.P. Morgan, among other matters, the acquiring person statement delivered by Harbinger Capital Partners.

On August 18, 2008, Mr. Carrabba called the senior representative of Harbinger Capital Partners to request a meeting to discuss its acquiring person statement and Schedule 13D.

On August 20, 2008, Mr. Carrabba and Ms. Brlas met with both the Senior Managing Director and the senior representative of Harbinger Capital Partners. Cliffs did not provide Harbinger Capital Partners with any non-public information. The parties discussed industry trends within iron ore and coal and also discussed the transaction with Alpha. Neither the Senior Managing Director nor the senior representative of Harbinger Capital Partners presented any demands or proposals to Cliffs on behalf of Harbinger Capital Partners and Cliffs did not make any proposals to Harbinger Capital Partners.

On August 21, 2008, the Cliffs board of directors held a special meeting at which it discussed with senior management and representatives from Jones Day and J.P. Morgan, among other matters, the acquiring person statement delivered by Harbinger Capital Partners. After an extensive discussion with Cliffs management and representatives from Jones Day and J.P. Morgan, the Cliffs board of directors unanimously determined that the Harbinger control share acquisition proposal was not in the best interests of Cliffs shareholders.

On September 8, 2008, Cliffs filed with the SEC a definitive proxy statement in opposition to the Harbinger control share acquisition proposal unanimously recommending that the Cliffs shareholders vote against the authorization of the Harbinger control share acquisition proposal. On the same date, Harbinger Capital Partners filed its definitive proxy statement soliciting proxies for its control share acquisition proposal.

On September 19, 2008, Cliffs announced that RiskMetrics Group (formerly Institutional Shareholder Services, or ISS), Glass Lewis & Co. and PROXY Governance, Inc., three leading independent proxy advisory firms, recommended that Cliffs shareholders vote against the Harbinger control share acquisition proposal at Cliffs special meeting of shareholders that was held on October 3, 2008.

On October 3, 2008, Cliffs held a special meeting of its shareholders to vote on the Harbinger control share acquisition proposal. On October 10, 2008, Cliffs announced that, based on the results provided by the independent inspector of elections, IVS Associates, Inc., Cliffs shareholders rejected the Harbinger control share acquisition proposal.

Alpha s Reasons for the Merger and Recommendation of Alpha s Board of Directors

In reaching its decision to approve the merger agreement and recommend the merger to its stockholders, the Alpha board of directors consulted with Alpha s management, as well as legal and financial advisors, and considered a number of factors, including those listed below.

The Alpha board of directors considered the following factors as generally supporting its decision to enter into the merger agreement and recommend the merger to its stockholders:

its knowledge of Alpha s business, operations, financial condition, earnings and prospects and of Cliffs business, operations, financial condition, earnings and prospects, taking into account the results of Alpha s due diligence of Cliffs;

its knowledge of the current environment in the mining industry, including economic conditions, continued consolidation, current financial market conditions and the likely effects of these factors on Alpha s, Cliffs and the combined company s potential growth, development, productivity and strategic options;

the financial terms of the merger, including the fact that, based on the closing prices on the NYSE of Cliffs common shares on July 15, 2008 (the last trading day prior to announcement of the merger agreement), the value of the merger consideration represented an approximate 35% premium over the closing price of Alpha shares as of that date;

the fact that Alpha stockholders will receive a portion of the merger consideration in cash, giving Alpha stockholders an opportunity to immediately realize value for a portion of their investment and providing certainty of value, and a portion in Cliffs common shares, with the result that the Alpha stockholders will own approximately 37% of the combined company s equity, and benefit from the expected gains from the merger;

its belief, after reviewing Alpha s potential strategic alternatives to the merger with Cliffs, including a merger or other strategic transaction with another third party, and taking into account the preliminary discussions with other third parties (see Background of the Merger beginning on page 48), that it was unlikely that another party would make or accept an offer to engage in a transaction with Alpha that would be more favorable to Alpha and its stockholders than the merger with Cliffs;

its belief that the two companies would create a larger and more diversified institution that is both better equipped to respond to economic and industry developments and better positioned to develop and build on its strong market shares in iron ore, metallurgical coal and thermal coal;

the strategic fit and complementary nature of Cliffs and Alpha s respective businesses and the potential presented by the merger with Cliffs for cost savings opportunities, and the related potential impact on the combined company s earnings;

the overall competitive positioning of the combined company, which is expected to be a leading diversified mining company and major supplier to the global steel industry;

the presentation by Alpha s financial advisor of financial analyses of Alpha on a stand-alone basis, the combination of Alpha and another third party that had expressed an interest in a merger with Alpha, and of the combination of Alpha and Cliffs;

Citi s opinion, dated as of July 15, 2008, delivered to the Alpha board of directors to the effect that, as of the date of the opinion, and subject to the considerations and limitations set forth in the opinion, the presentation of financial analyses by Citi that accompanied the delivery of the opinion and other factors that Citi deemed relevant, the merger consideration was fair, from a financial point of view, to the holders of Alpha common stock;

the statements by the Chief Executive Officer of Cliffs to Alpha about his conversations with a senior representative of Harbinger Capital Partners, the largest shareholder of Cliffs, about the proposed transaction in a confidential conversation on July 15, 2008, as well as the fact that, in the event that Alpha s stockholders adopted the merger agreement but the Cliffs shareholders failed to approve the issuance of shares in connection with the merger, Alpha would be entitled in some circumstances to obtain a $100 million termination fee;

the structure of the merger and the terms and conditions of the merger agreement, including:

the limited closing conditions to Cliffs obligations under the merger agreement, including, in particular, the fact that the merger agreement contains no financing contingency or limit on the obligations of Cliffs in the event of a failure of the lender to Cliffs to disburse the financing committed for purposes of this transaction;

the provisions of the merger agreement that allow Alpha to engage in negotiations with, and provide information to, third parties, under certain circumstances in response to an unsolicited takeover proposal that Alpha s board of directors determines in good faith, after consultation with its outside legal advisors and its financial advisors, constitutes or could reasonably be expected to lead to a transaction that is more favorable to Alpha stockholders than the merger with Cliffs;

the provisions of the merger agreement that allow Alpha, under certain circumstances, to terminate the merger agreement prior to its stockholder approval of the merger agreement in order to enter into an alternative transaction in response to an unsolicited takeover proposal that Alpha s board of directors determines in good faith, after consultation with its outside legal advisors and its financial advisors, is more favorable to Alpha stockholders than the merger with Cliffs;

the ability of Alpha to obtain a break-up fee of $350 million from Cliffs in the event that Cliffs fails to consummate the merger under certain circumstances, or a fee of $100 million if Cliffs shareholders fail to adopt the merger agreement and approve the issuance of the Cliffs common shares in connection with the merger (provided that, if Alpha s stockholders do not adopt the merger agreement, Cliffs will not be required to pay the $100 million termination fee);

the fact that the merger is structured as a reorganization for U.S. federal income tax purposes, which generally allows Alpha stockholders to refrain from recognizing any gain from the receipt of the share portion of the merger consideration; and the fact that Alpha stockholders who do not vote in favor of the adoption of the merger agreement and otherwise follow the procedures prescribed by the DGCL will have the appraisal rights in connection with the merger.

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Alpha s board of directors also considered certain potentially negative factors in its deliberations concerning the merger, including the following:

- the merger agreement s non-solicitation and stockholder approval covenants, and the requirement that Alpha must pay to Cliffs a termination fee of $350 million if the merger agreement is terminated under certain circumstances (which Alpha s board of directors understood was a condition to Cliffs willingness to enter into the merger agreement and that could limit the willingness of a third party to propose a competing business combination with Alpha), or $100 million if Alpha stockholders fail to adopt the merger agreement (provided that, if Cliffs shareholders do not adopt the merger agreement and approve the issuance of Cliffs common shares in connection with the merger, Alpha will not be required to pay the $100 million termination fee);

- the fact that, under Ohio law, the merger requires the approval of holders of two-thirds of the outstanding shares of Cliffs and the fact that a substantial portion of the outstanding shares of Cliffs are owned by a single shareholder (and its affiliates);

- the difficulty that Cliffs would have completing the merger if the financing outlined in the commitment letter received by Cliffs from J.P. Morgan and JPMCB were not disbursed;

- the regulatory and other approvals required in connection with the merger and the possibility that such approvals might not be received in a timely manner and without unacceptable conditions, creating the risk that adverse changes to the financial condition, results of operations, business, competitive position, reputation and business prospects of either Alpha or Cliffs could result in fluctuation in the value of the share portion of the merger consideration to be received by Alpha stockholders, could adversely affect the value of the combined company, or could result in the failure to complete the merger;

- the possibility that management focus and resources at both Alpha and Cliffs would be diverted from other strategic opportunities and from operational matters while working to implement the merger;

- the requirement that Alpha conduct its business only in the ordinary course prior to the completion of the merger and subject to specified restrictions without Cliffs prior consent (which consent may not be unreasonably withheld, delayed or conditioned), which might delay or prevent Alpha from undertaking certain business opportunities that might arise pending completion of the merger; and

- the fact that some of Alpha s directors and executive officers have other interests in the merger that are in addition to, and may be different from, their interests as Alpha stockholders, including as a result of employment and compensation arrangements with Alpha and the manner in which they would be affected by the merger. See Interests of Alpha Directors and Executive Officers in the Merger beginning on page 84.

In the judgment of the Alpha board of directors, however, these potential risks were outweighed by the potential benefits of the merger discussed above.

The foregoing discussion of the factors considered by the Alpha board of directors is not intended to be exhaustive, but, rather, includes the material factors considered by the Alpha board of directors. In reaching its decision to approve the merger agreement, the Alpha board did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. The Alpha board of directors considered all these factors as a whole, including discussions with, and questioning of, Alpha management and Alpha s financial and legal advisors, and overall considered the factors to be favorable to, and to support, its determination. The Alpha board of directors also relied on the experience of Citi, its financial advisor, for analyses of the financial terms of the merger and for its opinions as to the fairness of the consideration to be received in the merger to Alpha stockholders.

For the reasons set forth above, the Alpha board of directors determined that the merger is advisable and fair to and in the best interests of Alpha and its stockholders, and approved the merger agreement. The Alpha board of directors recommends that the Alpha stockholders vote for the adoption of the merger agreement.

Cliffs Reasons for the Merger and Recommendation of Cliffs Board of Directors

In reaching a conclusion to approve the merger and related transactions and to recommend that Cliffs shareholders adopt the merger agreement and approve the issuance of Cliffs common shares in connection with the merger, the Cliffs board of directors consulted with Cliffs management, as well as legal and financial advisors. In these consultations, the board considered a number of factors including:

that Alpha is the largest metallurgical coal supplier in the United States, and that the acquisition of Alpha will provide Cliffs additional exposure to the high-growth steel making raw materials market;

the strategic nature of the acquisition, which will allow both companies to capitalize on current market dynamics in iron ore and metallurgical coal, as well as create a stronger platform for continued strategic investments in the global mining industry. The acquisition will also provide economies of scale that result from creating one of the largest mining companies in the United States;

that the merger will provide Cliffs with premier coal industry management, technical and operational expertise via the addition of Alpha s management team;

that the acquisition of Alpha will enhance Cliffs product portfolio in steelmaking raw materials and measured diversification into other products. The acquisition will substantially increase Cliffs annual production of metallurgical coal and optimize the revenues generated from the combined company s coal reserves;

that the acquisition will capitalize on the strong market condition of the U.S. and global steel industries and further solidify Cliffs as a major iron ore and metallurgical coal supplier;

the expected synergies, including Alpha s unique coal blending capabilities and preparation plant optimization, that are anticipated to result in approximately $200 million in aggregate synergies beginning in 2010;

the additional exposure Alpha will provide Cliffs to international markets via Alpha s equity positions in U.S. port infrastructure and its expanded sales and marketing network;

Cliffs management s view, based on due diligence and discussions with Alpha s management, that Alpha and Cliffs share common values with respect to best-in-class safety standards and practices and the socially responsible processing of the earth s natural resources;

that the merger is expected to provide Cliffs with a more balanced portfolio of existing mines and exploratory opportunities, thereby giving Cliffs management more flexibility in its capital allocation decisions;

that the combined company will have a diverse geographic reach with combined coal operations in North America and Australia, and a number of the properties of the combined company will be in the same geographic region which may facilitate integration of those properties and a possible reduction in operating and administrative costs;

that the potential synergies expected to be derived from the merger present an opportunity for continued and sustained growth in accordance with Cliffs strategic plan for growth, as well as geographic and mineral diversification;

the Cliffs board s knowledge of Cliffs business, operations, financial condition, earnings and prospects and of Alpha s business, operations, financial condition, earnings and prospects, taking into account the results of Cliffs due diligence of Alpha;

the Cliffs board s knowledge of the current environment in the mining industry, including economic conditions, continued consolidation, current financial market conditions and the likely effects of these factors on Cliffs , Alpha s, and the combined company s potential growth, development, productivity and strategic options;

the information concerning the financial conditions, results of operations, prospects and businesses of Cliffs and Alpha, including the respective companies reserves, production volumes, cash flows from operations,

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recent performance of common shares and the ratio of Cliffs share price to Alpha stock price over various periods, as well as current industry, economic and market conditions;

- the results of the business, legal and financial due diligence review of Alpha s businesses and operations;

- that the exchange ratio will enable Cliffs shareholders to own approximately 63% of the outstanding stock of the combined company;

- the determination that an exchange ratio that is fixed is appropriate to reflect the strategic purpose of the merger and that a fixed exchange ratio avoids fluctuations caused by near-term market volatility;

- the terms and conditions of the merger agreement, including the following:

  - the fact that Alpha agreed to pay a termination fee of $100 million to Cliffs in the event that the merger agreement is terminated due to a failure to obtain necessary approval from Alpha stockholders (provided that, if Cliffs shareholders do not adopt the merger agreement and approve the issuance of the Cliffs common shares in connection with the merger, Alpha will not be required to pay the $100 million termination fee);

  - the fact that Cliffs may be entitled to receive a $350 million termination fee from Alpha if the merger is not consummated for certain reasons as more fully described in the section titled The Merger Agreement Termination Fees beginning on page 113;

  - the fact that the conditions required to be satisfied prior to completion of the merger are customary thereby increasing the likelihood of the consummation of the merger;

  - the fact that two members of the Alpha board of directors are expected to be appointed to the Cliffs board of directors, which is expected to provide a degree of continuity and involvement by Alpha directors in the combined company following the merger; and

  - the fact that, subject to certain exceptions, Alpha is prohibited from taking certain actions that would be deemed to be a solicitation under the merger agreement, including solicitation, initiation, encouragement of any inquiries or the making of any proposals for certain types of business combination or acquisition of Alpha (or entering into any agreement for such business combination or acquisition of Alpha or any requiring to abandon, terminate or fail to consummate the merger); and

- J.P. Morgan s opinion, including its analysis rendered orally on July 15, 2008 and confirmed in writing on the same date, to the effect that, as of July 15, 2008, and based on and subject to various factors and assumptions set forth in its written opinion, the consideration proposed to be paid by Cliffs to Alpha stockholders in the merger was fair, from a financial point of view, to Cliffs.

The Cliffs board of directors also considered the potential adverse impact of other factors weighing negatively against the merger, including, without limitation, the following:

- the risk that a substantial or extended decline in coal prices would likely make the merger less desirable from a financial point of view;

- the potential dilution to Cliffs shareholders;

the risk of diverting management s attention from other strategic opportunities in order to implement merger integration efforts;

the challenges of combining the businesses, operations and workforces of Cliffs and Alpha and realizing the anticipated cost savings and operating synergies;

the risk that the parties may incur significant costs and delays resulting from seeking governmental consents and approvals necessary for completion of the proposed merger;

the terms and conditions of the merger agreement, including:

the requirement that Cliffs must pay to Alpha a termination fee of $350 million if the merger agreement is terminated under circumstances specified in the merger agreement, as described in the section titled The Merger Agreement Termination Fees beginning on page 113;

the fact that Cliffs agreed to pay a termination fee of $100 million to Alpha in the event that the merger agreement is terminated due to a failure to obtain necessary Cliffs shareholder approval (provided that, if Alpha stockholders fail to adopt the merger agreement, Cliffs will not be required to pay the $100 million termination fee), as described in the section titled The Merger Agreement Termination Fees beginning on page 113; and

the fact that the terms of the merger agreement provide that, under certain circumstances and subject to certain conditions more fully described in the section titled The Merger Agreement Covenants and Agreements No Solicitation by Alpha beginning on page 104, Alpha may furnish information to and conduct negotiations with a third party in connection with an unsolicited proposal for a business combination or acquisition of Alpha that is likely to lead to a superior proposal and the Alpha board of directors can terminate the merger agreement in order to accept a superior proposal or, under certain circumstances, change its recommendation that Alpha stockholders adopt the merger agreement prior to Alpha stockholders approval of the merger agreement;

the fact that Alpha stockholders who dissent from the merger will have appraisal rights, as described in the section titled Appraisal Rights of Alpha Stockholders , beginning on page 88;

the fact that Cliffs shareholders who dissent from the merger will have dissenters rights as described in the section titled Dissenters Rights of Cliffs Shareholders , beginning on page 91; and

the risks described in the section titled Risk Factors beginning on page 27.

In the judgment of the Cliffs board of directors, however, the potential benefits of the merger discussed above outweigh any potential risks. The foregoing discussion of the factors considered by the Cliffs board of directors is not intended to be exhaustive, but, rather, includes the material factors considered by the Cliffs board of directors. In reaching its decision to approve the merger agreement, the Cliffs board did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors.

Cliffs board of directors has approved the merger agreement and determined that the transactions contemplated by the merger agreement are advisable and in the best interests of Cliffs and its shareholders. Cliffs board of directors recommends that Cliffs shareholders vote for the proposal to adopt the merger agreement and approve the issuance of Cliffs common shares pursuant to the terms of the merger agreement at the Cliffs special meeting.

Opinion of Alpha s Financial Advisor

Citi was retained to act as financial advisor to Alpha to render certain financial advisory and investment banking services in connection with the merger. Pursuant to Citi s engagement letter with Alpha, dated July 15, 2008 (which memorialized Citi s engagement by Alpha beginning on June 9, 2008), on July 15, 2008, Citi rendered its oral opinion, subsequently confirmed in writing to the Alpha board of directors on the same date, to the effect that, as of the date of the opinion and based upon and subject to the considerations and limitations set forth in the opinion, its work described below and other factors it deemed relevant, the merger consideration was fair, from a financial point of view, to the holders of Alpha common stock.

The full text of Citi s opinion, which sets forth the assumptions made, general procedures followed, matters considered and limits on the review undertaken, is included as Annex B to this joint proxy statement/prospectus. The summary of Citi s opinion set forth below is qualified by reference to the full text of the opinion. Holders of Alpha common stock are urged to read the Citi opinion carefully and in its entirety.

Citi s opinion was limited solely to the fairness of the merger consideration from a financial point of view to the holders of Alpha common stock as of the date of the opinion. Neither Citi s opinion nor the related analyses

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constituted a recommendation of the proposed merger to the Alpha board of directors. Citi makes no recommendation to any stockholder regarding how such stockholder should vote with respect to the merger.

In arriving at its opinion, Citi reviewed a draft dated July 14, 2008 of the merger agreement and held discussions with certain senior officers, directors and other representatives and advisors of Alpha and certain senior officers and other representatives and advisors of Cliffs concerning the businesses, operations and prospects of Alpha and Cliffs. Citi examined certain publicly available business and financial information relating to Alpha and Cliffs as well as certain financial forecasts and other information and data relating to Alpha and Cliffs which were provided to or discussed with Citi by the respective managements of Alpha and Cliffs, including information relating to the potential strategic implications and operational benefits (including the amount, timing and achievability thereof) anticipated by the managements of Alpha and Cliffs to result from the merger. Citi reviewed the financial terms of the merger as set forth in the merger agreement in relation to, among other things: current and historical market prices and trading volumes of Alpha common stock and Cliffs common shares; the historical and projected earnings and other operating data of Alpha and Cliffs; and the capitalization and financial condition of Alpha and Cliffs. Citi considered and analyzed certain financial, stock market and other publicly available information relating to the businesses of other companies whose operations it considered relevant in evaluating those of Alpha and Cliffs. Citi also evaluated certain potential pro forma financial effects of the merger on Cliffs. In connection with Citi s engagement, Citi advised Alpha on discussions it had with selected third parties with respect to the possible acquisition of, or other combination with, Alpha. In addition to the foregoing, Citi conducted such other analyses and examinations and considered such other information and financial, economic and market criteria as it deemed appropriate in arriving at its opinion.

In rendering its opinion, Citi assumed and relied, without independent verification, upon the accuracy and completeness of all financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with Citi and upon the assurances of the managements of Alpha and Cliffs that they were not aware of any relevant information that was omitted or that remained undisclosed to Citi. With respect to financial forecasts and other information and data relating to Alpha and Cliffs provided to or otherwise reviewed by or discussed with Citi, Citi was advised by the respective managements of Alpha and Cliffs that such forecasts and other information and data were reasonably prepared on bases reflecting the best currently available estimates and judgments of the managements of Alpha and Cliffs as to the future financial performance of Alpha and Cliffs, the potential strategic implications and operational benefits (including the amount, timing and achievability thereof) anticipated to result from the merger and the other matters covered thereby.

In rendering its opinion, Citi assumed, with Alpha s consent, that the merger would be consummated in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary regulatory or third party approvals, consents and releases for the merger, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on Alpha, Cliffs or the contemplated benefits of the merger. Representatives of Alpha advised Citi, and Citi further assumed, that the final terms of the merger agreement would not vary materially from those set forth in the draft reviewed by Citi. Citi also assumed, with Alpha s consent, that the merger would be treated as a tax-free reorganization for federal income tax purposes. Citi has not expressed any opinion as to what the value of the Cliffs common shares actually would be when issued pursuant to the merger or the price at which the Cliffs common shares would trade at any time. Citi did not make and was not provided with an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Alpha or Cliffs nor did it make any physical inspection of the properties or assets of Alpha or Cliffs. Citi s opinion did not address the underlying business decision of Alpha to effect the merger, the relative merits of the merger as compared to any alternative business strategies that might exist for Alpha or the effect of any other transaction in which Alpha might engage. Citi also expressed no view as to, and its opinion did not address, the fairness (financial or otherwise) of the amount or nature or any other aspect of any compensation to any officers, directors or employees of any parties to the merger, or any class of such persons, relative to the merger consideration. Citi s opinion was necessarily based upon information available to it, and financial, stock market and other conditions and circumstances existing, as of the date of the opinion.

In connection with rendering its opinion, Citi made a presentation to the Alpha board of directors on July 15, 2008 with respect to the material analyses performed by Citi in evaluating the fairness of the merger consideration. The following is a summary of that presentation. The summary includes information presented in tabular format. **In**

order to understand fully the financial analyses used by Citi, these tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. The following quantitative information, to the extent it is based on market data, is, except as otherwise indicated, based on market data as it existed at or prior to July 14, 2008, and is not necessarily indicative of current or future market conditions.

Alpha Valuation Analyses

Historical Stock Prices

To provide background information and perspective with respect to the historical share prices of Alpha common stock, Citi reviewed the stock price performance of Alpha during the 52-week period ending on July 14, 2008.

Citi noted that the range of low and high trading prices of Alpha common stock during the 52-week period ending on July 14, 2008 was approximately $16.00 and $109.00, respectively. Citi noted that Alpha s closing share price on July 14, 2008 was $98.72. Citi also noted that the implied per share merger consideration as of July 14, 2008 was $130.00, consisting of $22.23 per share in cash and 0.95 of a Cliffs common share (with a value of $107.77 as of market close on July 14, 2008).

Wall Street Equity Research Analyst Stock Price Targets

To provide background information and perspective with respect to stock price targets of Alpha common stock, Citi reviewed publicly available published price target estimates for Alpha common stock set by Wall Street equity research analysts.

Citi observed that the analyst price targets ranged from $75.00 to $178.00 per share of Alpha common stock, and ranged from $78.00 to $125.00 per share of Alpha common stock if the lowest and highest price targets of the group were excluded. Citi also observed that the median analyst price target was $105.00 per share of Alpha common stock. Citi noted that the implied per share merger consideration as of July 14, 2008 was $130.00.

Discounted Cash Flow Analysis

Using projections provided by the management of Alpha, Citi conducted discounted cash flow analyses of Alpha for the relevant periods to calculate ranges of implied per share equity values of Alpha. A discounted cash flow analysis is a method of determining the value of a company using estimates of the future unlevered free cash flows generated by the company and taking into consideration the time value of money with respect to those future cash flows by calculating their present value. Present value refers to the current value of future cash flows generated by the company, and is obtained by discounting those cash flows back to the present using a discount rate that takes into account macro-economic assumptions and estimates of risk, the opportunity cost of capital, capitalized returns and other appropriate factors. Terminal value refers to the capitalized value of all cash flows generated by the company for periods beyond the final forecast period.

These cash flows were prepared based on the four alternative scenarios described below:

(1) Historical Met Coal / Management Steam Coal Case is based on, for committed tonnage, Alpha management estimates of future sales under existing commitments principally covering fiscal years 2008 and 2009 and, for uncommitted tonnage, a constant metallurgical coal price estimate determined by the average of historical monthly metallurgical coal prices for the calendar years 2005, 2006 and 2007, and Alpha management estimates of future steam coal prices;

(2) Wall Street Consensus Case is based on, for committed tonnage, Alpha management estimates of future sales under existing commitments principally covering fiscal years 2008 and 2009 and, for uncommitted tonnage, the average of Wall Street equity research estimates, selected by Citi on the basis of availability, of future metallurgical and steam coal prices;

(3) Company Case 1 is based on, for committed tonnage, Alpha management estimates of future sales under existing commitments principally covering fiscal years 2008 and 2009 and, for uncommitted tonnage, Alpha management estimates of future metallurgical coal prices, which generally assume that such future prices for

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uncommitted tonnage decline annually beyond fiscal year 2008, and steam coal prices. For fiscal years 2008 through 2011, Alpha management estimates of future metallurgical coal prices generally correlated with those published in Wall Street equity research reports, selected by Citi on the basis of availability. The majority of such Wall Street equity research estimates projected a declining price curve; and

(4) Company Case 2 is based on, for committed tonnage, Alpha management estimates of future sales under existing commitments principally covering fiscal years 2008 and 2009 and, for uncommitted tonnage, Alpha management estimates of future metallurgical coal prices, which generally assume that such future prices for uncommitted tonnage remain relatively flat through fiscal year 2012, and steam coal prices. Alpha management estimates of future metallurgical coal prices considered Alpha management s view of current and possible future supply and demand fundamentals of the metallurgical coal market, and the increased level of strategic interest in U.S. metallurgical coal assets demonstrated by international steel companies.

Estimates of future steam coal prices for uncommitted tonnage are identical in Historical Met Coal / Management Steam Coal Case, Company Case 1 and Company Case 2, and generally assume that such future prices for uncommitted tonnage remain relatively flat through fiscal year 2012. In Alpha management s view, such future prices represented a discount to current market prices, but a premium to historical market prices, and considered current export activity and supply and demand fundamentals of the steam coal market.

Citi derived the discounted cash flow values for Alpha as the sum of the net present values of (1) the estimated unlevered free cash flows that Alpha would generate from July 16, 2008 through fiscal year 2012 and (2) the terminal value of Alpha at the end of fiscal year 2012. The terminal value for Alpha was calculated by applying a range of EBITDA terminal value multiples of 5.0x to 6.0x to Alpha s fiscal year 2012 estimated earnings before interest, taxes, depreciation and amortization (or EBITDA). The cash flows and terminal values were discounted to present value using discount rates ranging from 10.1% to 12.8%. This range represented Alpha s estimated weighted average cost of capital as derived by Citi based on, among other assumptions, market data for Alpha and a number of selected companies in the coal mining sector which, in Citi s determination, had businesses and operating profiles reasonably similar to those of Alpha. Based on this analysis of Alpha and the selected comparable companies, Citi determined that the range of discount rates it derived was appropriate for this discounted cash flow analysis. However, because of the inherent differences among the businesses, operations and prospects of Alpha and the businesses, operations and prospects of the selected comparable companies, no comparable company is exactly the same as Alpha. Alpha did not supply Citi with, nor did Citi rely on, any Alpha management estimates of the discount rates used by Alpha management in generating its own internal financial analyses. This analysis indicated the following approximate implied per share equity reference ranges for Alpha:

	Implied per Share Equity Reference Range for Alpha		
Historical Met Coal/Management Steam Coal Case	$	39.00	$ 48.00
Wall Street Consensus Case	$	50.00	$ 57.00
Company Case 1	$	82.00	$ 98.00
Company Case 2	$	143.00	$174.00

Citi noted the implied per share equity reference ranges calculated above for each of the four alternative scenarios. Citi also noted that the implied per share merger consideration as of July 14, 2008 was $130.00. Citi compared the implied per share equity reference ranges above to the implied per share merger consideration.

Comparable Companies Analysis

Citi compared financial, operating and stock market information, and forecasted financial information for Alpha with that of selected publicly traded U.S. coal producers in the Central Appalachia basin and pure play U.S. metallurgical coal producers. The selected comparable companies considered by Citi were:

- International Coal Group, Inc.
- James River Coal Company
- Massey Energy Company
- Walter Industries, Inc.

The financial information used by Citi for the selected comparable companies was based on company filings and selected Wall Street equity research reports, and for Alpha, Alpha management estimates. All of the multiples were calculated using public trading market closing prices on July 14, 2008.

For each of the selected comparable companies, Citi derived and compared, among other things, the multiple of each company s firm value to its EBITDA for the estimated calendar years 2009 and 2010. Citi calculated firm value as (a) equity value, based on the per share closing stock price on July 14, 2008 of all fully diluted shares assuming the exercise or conversion of all in-the-money options, warrants and convertible securities outstanding, less the proceeds of any such options or warrants, as reflected in each company s latest publicly available information; plus (b) non-convertible indebtedness; plus (c) minority interests; plus (d) non-convertible preferred stock; plus (e) all out-of-the-money convertible securities; minus (f) cash and cash equivalents; minus (g) investments in unconsolidated affiliates.

Due to the significant increase in projected metallurgical and steam coal prices by Wall Street equity research analysts prior to the execution of the merger agreement, Citi observed that estimates of EBITDA for the calendar years 2009 and 2010 varied meaningfully among Wall Street equity research analysts and that such estimates tended to be higher in more recently published research reports. As a result, Citi considered for each of the selected comparable companies (i) the average of selected Wall Street equity research estimates (or Wall Street Consensus Estimates) and (ii) the average of the top quartile of such Wall Street Consensus Estimates (or Wall Street Top Quartile Estimates).

Based on the comparable companies analysis and taking into consideration other performance metrics and qualitative judgments, Citi derived the following reference range of firm value / EBITDA multiples for calendar years 2009 and 2010:

i. 6.5x to 7.5x for calendar year 2009 estimated EBITDA and 4.5x to 5.5x for calendar year 2010 estimated EBITDA, based on Wall Street Consensus Estimates; and

ii. 5.0x to 6.0x for calendar year 2009 estimated EBITDA and 4.0x to 4.5x for calendar year 2010 estimated EBITDA, based on Wall Street Top Quartile Estimates.

Citi then applied these multiples to Alpha s estimated EBITDA for calendar years 2009 and 2010 under the four alternative scenarios described above. This analysis indicated the following implied per share equity reference ranges for Alpha:

	Implied per Share Equity Reference Range for Alpha	
Historical Met Coal / Management Steam Coal Case		
Wall Street Consensus Estimates	$ 50.00	$ 60.00
Wall Street Top Quartile Estimates	$ 40.00	$ 45.00
Wall Street Consensus Case		
Wall Street Consensus Estimates	$ 100.00	$120.00
Wall Street Top Quartile Estimates	$ 80.00	$ 95.00
Company Case 1		
Wall Street Consensus Estimates	$ 105.00	$125.00
Wall Street Top Quartile Estimates	$ 85.00	$100.00

Company Case 2			
Wall Street Consensus Estimates	$	145.00	$170.00
Wall Street Top Quartile Estimates	$	120.00	$140.00

Citi noted the implied per share equity reference ranges calculated above for each of the four alternative scenarios. Citi also noted that the implied per share merger consideration as of July 14, 2008 was $130.00. Citi compared the implied per share equity reference ranges above to the implied merger consideration.

Citi selected the comparable companies used in the comparable companies analysis because their businesses and operating profiles are reasonably similar to those of Alpha. However, because of the inherent differences among the businesses, operations and prospects of Alpha and the businesses, operations and prospects of the selected comparable companies, no comparable company is exactly the same as Alpha. Therefore, Citi believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the comparable companies analysis. Accordingly, Citi made qualitative judgments concerning differences between the financial and operating characteristics and prospects of Alpha and the companies included in the comparable companies analysis that would affect the public trading values of each in order to provide a context in which to consider the results of the quantitative analysis. These qualitative judgments related primarily to the differing sizes, growth prospects, geographic location of assets, profitability levels and business segments between Alpha and the companies included in the comparable companies analysis and other matters, many of which are beyond Alpha s control, such as the impact of competition on its businesses and the industry generally, industry growth and the absence of any adverse material change in the financial condition and prospects of Alpha or the industry or in the financial markets in general. Mathematical analysis (such as determining the average or median) is not in itself a meaningful method of using peer group data.

Selected Precedent Transactions Analysis

Based upon (1) the significant projected increases in metallurgical and steam coal prices from calendar year 2008 through 2009, which are generally significantly greater than the historical increases of such prices, and (2) the significant projected growth of EBITDA for Alpha from fiscal year 2008 through 2009, which is generally significantly greater than the projected growth of EBITDA of target companies involved in recent precedent transactions in the U.S. coal industry, Citi did not consider precedent transactions based upon trailing multiples to be a meaningful benchmark for evaluating the merger consideration. As a result, while Citi analyzed selected precedent transactions in the U.S. coal industry, Citi did not consider this analysis in evaluating the fairness of the merger consideration.

Confirmatory Cliffs Valuation Analyses

Citi performed confirmatory valuation analyses with respect to Cliffs using substantially similar analyses and methodologies to those used with respect to Alpha, as described above, in order to assess the value indicated by the per share closing price of the Cliffs common shares on July 14, 2008 for purposes of inclusion of this value as part of the transaction consideration. Citi also presented to the Alpha board of directors certain other information with respect to Cliffs for illustrative purposes, including historical stock prices and Wall Street equity research analyst stock price targets.

Historical Stock Prices

To provide background information and perspective with respect to the historical share prices of Cliffs common shares, Citi reviewed the share price performance of Cliffs during the 52-week period ending on July 14, 2008.

Citi noted that the range of low and high trading prices of Cliffs common shares during the 52-week period ending on July 14, 2008 was approximately $28.00 and $122.00, respectively. Citi noted that Cliffs closing share price on July 14, 2008 was $113.44.

Wall Street Equity Research Analyst Stock Price Targets

To provide background information and perspective with respect to stock price targets of Cliffs common shares, Citi reviewed publicly available published price target estimates for Cliffs common shares set by Wall Street equity research analysts.

Citi observed that the analyst price targets ranged from $140.00 to $155.00 per share of Cliffs common shares. Citi also observed that the median analyst price target was $150.00 per share of Cliffs common shares. Citi noted that Cliffs closing share price on July 14, 2008 was $113.44.

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Discounted Cash Flow Analysis

Using projections provided by the management of Cliffs, which were adjusted for certain coal price assumptions made by Alpha management, Citi conducted discounted cash flow analyses of Cliffs for the relevant periods to calculate ranges of implied per share equity values of Cliffs.

These cash flows were prepared based on the three alternative scenarios described below:

(1) Wall Street Consensus Case is based on Cliffs management estimates for fiscal year 2008 and the average of Wall Street equity research estimates, selected by Citi on the basis of availability, of future North America (Metallurgical) Coal prices, North America Iron Ore prices, Asia Pacific Iron Ore prices and Asia Pacific Coal prices for fiscal years 2009 through 2012;

(2) Company Case 1 is based on (i) Cliffs management estimates of future North America Iron Ore prices, Asia Pacific Iron Ore prices and Asia Pacific Coal prices for fiscal years 2008 through 2012 and North America (Metallurgical) Coal prices for fiscal year 2008, and (ii) Alpha management estimates of future North America (Metallurgical) Coal prices for fiscal years 2009 through 2012, which generally assume that such future prices decline annually beyond fiscal year 2009. For fiscal years 2008 through 2011, Alpha management estimates of future North America (Metallurgical) Coal prices generally correlated with those published in Wall Street equity research reports, selected by Citi on the basis of availability. The majority of such Wall Street equity research reports estimates projected a declining price curve; and

(3) Company Case 2 is based on (i) Cliffs management estimates of future North America Iron Ore prices, Asia Pacific Iron Ore prices and Asia Pacific Coal prices for fiscal years 2008 through 2012 and North America (Metallurgical) Coal prices for fiscal year 2008, and (ii) Alpha management estimates of future North America (Metallurgical) Coal prices for fiscal years 2009 through 2012, which generally assume that such future prices remain relatively flat through fiscal year 2012. Alpha management estimates of future North America (Metallurgical) Coal prices considered Alpha management s view of current and possible future supply and demand fundamentals of the metallurgical coal market and the increased level of strategic interests in U.S. metallurgical coal assets demonstrated by international steel companies.

Estimates of future North America Iron Ore prices, Asia Pacific Iron Ore prices and Asia Pacific Coal prices are identical in Company Case 1 and Company Case 2.

Citi derived the discounted cash flow values for Cliffs as the sum of the net present values of (1) the estimated unlevered free cash flows that Cliffs would generate from July 16, 2008 through fiscal year 2012 and (2) the terminal value of Cliffs at the end of fiscal year 2012. The terminal value for Cliffs was calculated by applying a range of EBITDA terminal value multiples of 5.0x to 6.0x to Cliffs fiscal year 2012 estimated EBITDA. The cash flows and terminal values were discounted to present value using discount rates ranging from 9.9% to 12.5%. This range represented Cliffs estimated weighted average cost of capital as derived by Citi based on, among other assumptions, market data for Cliffs and a number of selected companies in the iron ore and coal mining sectors which, in Citi s determination, had businesses and operating profiles reasonably similar to those of Cliffs. Based on this analysis of Cliffs and the selected comparable companies, Citi determined that the range of discount rates it derived was appropriate for this discounted cash flow analysis. However, because of the inherent differences among the businesses, operations and prospects of Cliffs and the businesses, operations and prospects of the selected comparable companies, no comparable company is exactly the same as Cliffs. Neither Cliffs nor Alpha supplied Citi with, nor did Citi rely on, any Cliffs or Alpha management estimates of the discount rates used by Cliffs or Alpha management, respectively, in generating their own internal financial analyses. This analysis indicated the following approximate implied per share equity reference ranges for Cliffs:

	Implied per Share Equity Reference Range for Cliffs	
Wall Street Consensus Case	$ 32.00	$ 37.00
Company Case 1	$ 118.00	$146.00
Company Case 2	$ 148.00	$183.00

Citi noted the implied per share equity reference ranges calculated above for each of the three alternative scenarios. Citi also noted that Cliffs closing share price on July 14, 2008 was $113.44. Citi compared the implied per share equity reference ranges above to Cliffs closing share price on July 14, 2008.

Comparable Companies Analysis

Citi compared financial, operating and stock market information, and forecasted financial information for Cliffs with that of selected publicly traded iron ore producers. The selected comparable companies considered by Citi were:

Companhia Vale do Rio Doce S.A., or Vale

Fortescue Metals Group Ltd.

Kumba Iron Ore Ltd.

Ferrexpo plc

Mount Gibson Iron Limited

The financial information used by Citi for the selected comparable companies was based on company filings and selected Wall Street equity research reports, and for Cliffs, Cliffs management estimates, which were adjusted for certain coal price assumptions made by Alpha management. All of the multiples were calculated using public trading market closing prices on July 14, 2008.

For each of the selected comparable companies, Citi derived and compared, among other things, the multiple of each company s firm value to its EBITDA for the estimated calendar years 2009 and 2010. Citi calculated firm value as (a) equity value, based on the per share closing stock price on July 14, 2008 of all fully diluted shares assuming the exercise or conversion of all in-the-money options, warrants and convertible securities outstanding, less the proceeds of any such options or warrants, as reflected in each company s latest publicly available information; plus (b) non-convertible indebtedness; plus (c) minority interests; plus (d) non-convertible preferred stock; plus (e) all out-of-the-money convertible securities; minus (f) cash and cash equivalents; minus (g) investments in unconsolidated affiliates.

Due to the significant increase in projected iron ore and coal prices by Wall Street equity research analysts prior to the execution of the merger agreement, Citi observed that estimates of EBITDA for the calendar years 2009 and 2010 varied meaningfully among Wall Street equity research analysts and that such estimates tended to be higher in more recently published research reports. As a result, Citi considered for each of the selected comparable companies (i) Wall Street Consensus Estimates and (ii) Wall Street Top Quartile Estimates.

Based on the comparable companies analysis and taking into consideration other performance metrics and qualitative judgments, Citi derived the following reference range of firm value / EBITDA multiples for calendar years 2009 and 2010:

i. 4.5x to 5.5x for calendar year 2009 estimated EBITDA and 4.0x to 5.0x for calendar year 2010 estimated EBITDA, based on Wall Street Consensus Estimates; and

ii. 3.5x to 4.5x for calendar year 2009 estimated EBITDA and 3.0x to 4.0x for calendar year 2010 estimated EBITDA, based on Wall Street Top Quartile Estimates.

Citi then applied these multiples to Cliffs estimated EBITDA for calendar years 2009 and 2010 under the three alternative scenarios described above. This analysis indicated the following implied per share equity reference ranges for Cliffs:

	Implied per Share Equity Reference Range for Cliffs		
Wall Street Consensus Case			
Wall Street Consensus Estimates	$	70.00	$ 85.00
Wall Street Top Quartile Estimates	$	50.00	$ 70.00
Company Case 1			
Wall Street Consensus Estimates	$	100.00	$125.00
Wall Street Top Quartile Estimates	$	75.00	$100.00
Company Case 2			
Wall Street Consensus Estimates	$	115.00	$145.00
Wall Street Top Quartile Estimates	$	85.00	$115.00

Citi noted the implied per share equity reference ranges calculated above for each of the three alternative scenarios. Citi also noted that Cliffs closing share price on July 14, 2008 was $113.44. Citi compared the implied per share equity reference ranges above to Cliffs closing share price on July 14, 2008.

Citi selected the comparable companies used in the comparable companies analysis because their businesses and operating profiles are reasonably similar to those of Cliffs. However, because of the inherent differences among the businesses, operations and prospects of Cliffs and the businesses, operations and prospects of the selected comparable companies, no comparable company is exactly the same as Cliffs. Therefore, Citi believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the comparable companies analysis. Accordingly, Citi made qualitative judgments concerning differences between the financial and operating characteristics and prospects of Cliffs and the companies included in the comparable companies analysis that would affect the public trading values of each in order to provide a context in which to consider the results of the quantitative analysis. These qualitative judgments related primarily to the differing sizes, growth prospects, geographic location of assets, profitability levels and business segments between Cliffs and the companies included in the comparable companies analysis and other matters, many of which are beyond Cliffs control, such as the impact of competition on its businesses and the industry generally, industry growth and the absence of any adverse material change in the financial condition and prospects of Cliffs or the industry or in the financial markets in general. Mathematical analysis (such as determining the average or median) is not in itself a meaningful method of using peer group data.

Selected Precedent Transactions Analysis

Based upon (1) the significant projected increases in iron ore and coal prices from calendar year 2008 through 2009, which are generally significantly greater than the historical increases of such prices, and (2) the significant projected growth of EBITDA for Cliffs from fiscal year 2008 through 2009, which is generally significantly greater than the projected growth of EBITDA of target companies involved in recent precedent transactions in the iron ore industry, Citi did not consider precedent transactions based upon trailing multiples to be a meaningful benchmark for evaluating Cliffs.

Other Analyses

Implied Historical Premium Analysis

Citi reviewed, for informational and illustrative purposes, the implied premiums to be paid in the merger based on a comparison of the historical average share prices of Alpha common stock for various periods to the per share merger consideration, consisting of $22.23 per share in cash and 0.95 of a share of Cliffs common shares valued based on the historical average share prices of Cliffs common shares for the respective periods. Citi derived the implied premium represented relative to the closing price of Alpha common stock on July 14, 2008 (the last trading day prior to the execution of the merger agreement), the average closing prices of Alpha common stock for the 5-day, 10-day, 20-day, 30-day, 60-day, and 90-day periods ended July 14, 2008, and with the 52-week high and low closing prices of Alpha common stock ended July 14, 2008.

The results of this analysis are set forth below:

				Implied Value of Consideration			Implied
	Alpha	Cliffs	Exchange Ratio	Stock	Cash	Total	Premium
July 14, 2008	$ 98.72	$ 113.44	0.95x	$ 107.77	$ 22.23	$ 130.00	32%
5-Day Average	92.37	105.69	0.95	100.40	22.23	122.63	33
10-Day Average	93.17	105.08	0.95	99.83	22.23	122.06	31
20-Day Average	94.53	106.39	0.95	101.07	22.23	123.30	30
30-Day Average	92.21	105.23	0.95	99.97	22.23	122.20	33
60-Day Average	76.59	97.21	0.95	92.35	22.23	114.58	50
90-Day Average	65.42	86.05	0.95	81.75	22.23	103.98	59
52-Week High	108.73	121.95	0.95	115.85	22.23	138.08	27
52-Week Low	15.92	28.20	0.95	26.79	22.23	49.02	208

Relative Financial Contribution Analysis

Citi reviewed, for informational and illustrative purposes, the relative financial contributions of Alpha and Cliffs to the combined estimated fiscal year 2008, 2009 and 2010 EBITDA and net income, excluding synergies and transaction adjustments, under the following three alternative scenarios: (1) Wall Street Consensus Case for each of Alpha and Cliffs, as described above, (2) Company Case 1 for each of Alpha and Cliffs, as described above, and (3) Company Case 2 for each of Alpha and Cliffs, as described above.

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The results of this analysis are set forth below:

	% Contribution	
	Cliffs	Alpha
Wall Street Consensus Case		
EBITDA		
2008E	68%	32%
2009E	59	41
2010E	55	45
Net Income		
2008E	73%	27%
2009E	62	38
2010E	56	44
Company Case 1		
EBITDA		
2008E	69%	31%
2009E	62	38
2010E	68	32
Net Income		
2008E	73%	27%
2009E	64	36
2010E	70	30
Company Case 2		
EBITDA		
2008E	69%	31%
2009E	59	41
2010E	61	39
Net Income		
2008E	73%	27%
2009E	61	39
2010E	62	38

Pro Forma Accretion/Dilution Analysis

Citi reviewed, for informational and illustrative purposes, potential accretion/dilution of cash flow per share (or CFPS) and earnings per share (or EPS) of Cliffs pro forma for the transaction under the following three alternative scenarios: (1) Wall Street Consensus Case for each of Alpha and Cliffs, as described above, (2) Company Case 1 for each of Alpha and Cliffs, as described above, and (3) Company Case 2 for each of Alpha and Cliffs, as described above. Citi based these calculations on, among other factors, an assumed transaction closing date of December 31, 2008, preliminary purchase accounting assumptions (applicable only to EPS) that were provided to Citi by Alpha management and the assumption of no synergies.

The results of this analysis are set forth below:

	Accretion / (Dilution) to Cliffs	
	CFPS	EPS
Wall Street Consensus Case		
2009E	(7)%	(18)%
2010E	(1)%	(17)%
Company Case 1		
2009E	(9)%	(19)%
2010E	(16)%	(26)%
Company Case 2		
2009E	1%	(14)%
2010E	(2)%	(13%)

Citi s advisory services and opinion were provided for the information of the Alpha board of directors in its evaluation of the merger and did not constitute a recommendation of the merger to Alpha or a recommendation to any holder of Alpha common stock as to how that stockholder should vote or act on any matters relating to the merger.

The preceding discussion is a summary of the material financial analyses furnished by Citi to the Alpha board of directors, but it does not purport to be a complete description of the analyses performed by Citi or of its presentations to the Alpha board of directors. The preparation of financial analyses and fairness opinions is a complex process involving subjective judgments and is not necessarily susceptible to partial analysis or summary description. Citi made no attempt to assign specific weights to particular analyses or factors considered, but rather made qualitative judgments as to the significance and relevance of all the analyses and factors considered and determined to give its fairness opinion as described above. Accordingly, Citi believes that its analyses, and the summary set forth above, must be considered as a whole and that selecting portions of the analyses and of the factors considered by Citi, without considering all of the analyses and factors, could create a misleading or incomplete view of the processes underlying the analyses conducted by Citi and its opinion.

In its analyses, Citi made numerous assumptions with respect to Alpha, industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Alpha. Any estimates contained in Citi s analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by these analyses. Estimates of values of companies do not purport to be appraisals or necessarily to reflect the prices at which companies may actually be sold. Because these estimates are inherently subject to uncertainty, none of Alpha, the Alpha board of directors, Citi or any other person assumes responsibility if future results or actual values differ materially from the estimates.

Citi s analyses were prepared solely as part of Citi s analysis of the fairness of the merger consideration in the merger and were provided to the Alpha board of directors in that connection. The opinion of Citi was only one of the factors taken into consideration by the Alpha board of directors in making its determination to approve the merger agreement and the merger. See Alpha s Reasons for the Merger and Recommendation of Alpha s Board of Directors beginning on page 59.

Citi is an internationally recognized investment banking firm engaged in, among other things, the valuation of businesses and their securities in connection with mergers and acquisitions, restructurings, leveraged buyouts, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. Alpha selected Citi to act as its financial advisor on the basis of Citi s international reputation and Citi s familiarity with Alpha. Citi and its affiliates may in the future provide services to Alpha and Cliffs unrelated to the proposed merger, for which services Citi and such affiliates would expect to receive compensation. In the ordinary course of business, Citi and its affiliates may actively trade or hold the securities of Alpha and Cliffs for their own account or for the account of their customers and, accordingly, may at any time hold a long or short position in such securities. Citi and its affiliates (including Citigroup Inc. and its affiliates) may maintain relationships with Alpha, Cliffs and their respective affiliates.

Pursuant to Citi s engagement letter with Alpha, Alpha agreed to pay Citi the following fees for its services rendered in connection with the merger: (i) $1,500,000 payable promptly upon delivery by Citi of the written fairness opinion in connection with this transaction plus (ii) a transaction fee equal to 0.550% of the aggregate value of the transaction less the $1,500,000 paid under (i) above, payable promptly upon consummation of the transaction. In the event the merger is terminated, Alpha has agreed to pay Citi 25% (not to exceed 50% of the transaction fee and not to be paid if a transaction fee was previously paid) of (A) any termination, break-up, topping, or similar fee or payment received in connection with the merger agreement and (B) any profit arising from shares of Cliffs or any of its affiliates acquired by Alpha in connection with the merger, if any, payable promptly upon receipt of any such compensation by Alpha. Alpha has also agreed to reimburse Citi for its reasonable and documented travel and other expenses incurred in connection with its engagement, including reasonable fees and expenses of not more than one outside counsel per jurisdiction, up to a maximum amount of $100,000 (except for expenses relating to the preparation and delivery of the opinion, which are not capped), and to indemnify Citi against specific liabilities and expenses relating to or arising out of its engagement, including liabilities under the federal securities laws.

The merger consideration was determined by arms-length negotiations between Alpha and Cliffs, in consultation with their respective financial advisors and other representatives, and was not established by such financial advisors or other representatives.

Citi and its affiliates in the past have provided, and currently provide, services to Alpha unrelated to the merger, for which services Citi and/or its affiliates have received and expect compensation, including, without limitation, (i) acting as joint book-running manager in Alpha s offerings of convertible senior notes and common stock in April 2008, (ii) acting as dealer manager for the tender offer and consent solicitation made by two of Alpha s subsidiaries in April 2008 with respect to senior notes co-issued by such subsidiaries, (iii) acting as administrative agent, joint lead arranger, joint book manager and lender under Alpha s existing credit facilities and (iv) acting as an advisor to Alpha in considering other strategic alternatives. Neither Citi nor its affiliates provides, or in the past have provided, services to Cliffs.

Opinion of Cliffs Financial Advisor

Pursuant to an engagement letter dated July 8, 2008, Cliffs retained J.P. Morgan as its financial advisor in connection with the proposed merger and to render an opinion to the Cliffs board of directors as to the fairness, from a financial point of view, to Cliffs of the consideration to be paid by Cliffs in the proposed merger.

At the meeting of the Cliffs board of directors on July 15, 2008, J.P. Morgan delivered its oral opinion to the Cliffs board of directors (which was subsequently confirmed in writing on the same date) that, as of such date and on the basis of and subject to the various factors and assumptions set forth in its opinion, the consideration to be paid by Cliffs to Alpha stockholders in the proposed merger was fair, from a financial point of view, to Cliffs.

The full text of the written opinion of J.P. Morgan, which sets forth the assumptions made, general procedures followed, matters considered and limitations on the scope of the review undertaken by J.P. Morgan in conducting its financial analysis and rendering its opinion, is attached as Annex C to this joint proxy statement/prospectus and is incorporated herein by reference. **Cliffs shareholders are urged to read the J.P. Morgan opinion carefully and in its entirety.**

The J.P. Morgan opinion is addressed to the Cliffs board of directors, is dated July 15, 2008, is directed only to the fairness, from a financial point of view, to Cliffs of the consideration to be paid by Cliffs in the proposed

merger and does not constitute a recommendation as to how the Cliffs or the Alpha stockholders should vote with respect to the proposed merger or any other matter.

The following summary of the J.P. Morgan opinion is qualified by reference to the full text of the J.P. Morgan opinion.

In arriving at its opinion, J.P. Morgan, among other things:

reviewed a draft dated July 15, 2008 of the merger agreement;

reviewed certain publicly available business and financial information concerning Cliffs and Alpha and the industries in which they operate;

compared the financial and operating performance of Cliffs and Alpha with publicly available information concerning certain other companies J.P. Morgan deemed relevant and reviewed the current and historical market prices of Cliffs common shares and Alpha common stock and certain publicly traded securities of such other companies;

reviewed certain internal financial analyses and forecasts prepared by management of Alpha, certain analyses of Alpha s business prepared by the management of Cliffs and certain internal financial analyses and forecasts prepared by the management of Cliffs relating to Cliffs business, as well as the estimated amount and timing of cost savings and related expenses and synergies expected to result from the merger; and

performed such other financial studies and analyses and considered such other information as J.P. Morgan deemed appropriate for the purposes of its opinion.

J.P. Morgan also held discussions with certain members of the management of Cliffs and Alpha with respect to certain aspects of the merger, and the past and current business operations of Cliffs and Alpha, the financial condition and future prospects and operations of Cliffs and Alpha, the effects of the merger on the financial condition and future prospects of Cliffs and Alpha, and certain other matters J.P. Morgan believed necessary or appropriate to its inquiry.

J.P. Morgan relied upon and assumed the accuracy and completeness of all information that was publicly available or was furnished to or discussed with J.P. Morgan by Cliffs and Alpha or otherwise reviewed by or for J.P. Morgan, and J.P. Morgan did not independently verify (nor did J.P. Morgan assume responsibility or liability for independently verifying) any such information or its accuracy or completeness. J.P. Morgan did not conduct, and was not provided, with any valuation or appraisal of any assets or liabilities, nor did J.P. Morgan evaluate the solvency of Cliffs or Alpha under any state or federal laws relating to bankruptcy, insolvency or similar matters. In relying on financial analyses and forecasts provided to it or derived therefrom, including the synergies referred to above, J.P. Morgan assumed that they were reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management as to the expected future results of operations and financial condition of Cliffs and Alpha to which such analyses or forecasts relate. J.P. Morgan expressed no view as to such analyses or forecasts (including the synergies referred to above) or the assumptions on which they were based. J.P. Morgan also assumed that the merger and the other transactions contemplated by the merger agreement will qualify as a tax-free reorganization for United States federal income tax purposes, and will be consummated as described in the merger agreement and that the definitive merger agreement would not differ in any material respect from the draft thereof provided to J.P. Morgan. J.P. Morgan also assumed that the representations and warranties made by Cliffs and Alpha in the merger agreement and the related agreements are and will be true and correct in all respects material to J.P. Morgan s analysis. J.P. Morgan is not a legal, regulatory or tax expert and relied on the assessments made by advisors to Cliffs with respect to such issues. J.P. Morgan further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the merger will be obtained without any adverse effect on Cliffs or Alpha or on the contemplated benefits of the merger.

The projections furnished to J.P. Morgan for Alpha were prepared by the respective managements of Cliffs and Alpha in connection with the proposed transaction. Neither Cliffs nor Alpha publicly discloses internal management projections of the type provided to J.P. Morgan in connection with J.P. Morgan s analysis of the merger, and such projections were prepared in connection with the proposed transaction and were not prepared with a view toward public disclosure. These projections were based on numerous variables and assumptions that are inherently uncertain and may be beyond the control of management, including, without limitation, factors related to general economic and competitive conditions and prevailing interest rates. Accordingly, actual results could vary significantly from those set forth in such projections.

The J.P. Morgan opinion is necessarily based on economic, market and other conditions as in effect on, and the information made available to J.P. Morgan as of, the date of the J.P. Morgan opinion. It should be understood that subsequent developments may affect the J.P. Morgan opinion, and J.P. Morgan does not have any obligation to

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update, revise, or reaffirm the J.P. Morgan opinion. The J.P. Morgan opinion is limited to the fairness, from a financial point of view, to Cliffs of the consideration to be paid by Cliffs in the proposed merger and J.P. Morgan has expressed no opinion as to the fairness of the merger to the holders of any class of securities, creditors or other constituencies of Cliffs or as to the underlying decision by Cliffs to engage in the merger. J.P. Morgan expressed no opinion as to the price at which Cliffs common shares or Alpha common stock will trade at any future time.

The consideration payable to Alpha stockholders in the proposed merger was determined through negotiation between Alpha and Cliffs and the decision to enter into the merger agreement was solely that of Alpha and Cliffs. The J.P. Morgan opinion and financial analyses were only one of the many factors considered by Cliffs in its evaluation of the proposed merger and should not be viewed as determinative of the views of the Cliffs board of directors or management with respect to the proposed merger or the merger consideration.

In accordance with customary investment banking practice, J.P. Morgan employed generally accepted valuation methods in reaching its opinion. The following is a summary of the material financial analyses undertaken by J.P. Morgan in connection with providing its opinion to the Cliffs board of directors on July 15, 2008. Some of the summaries of the financial analyses include information presented in tabular format. To fully understand the financial analyses, the tables should be read together with the text of each summary. Considering the data set forth in the table without considering the narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses.

Publicly traded comparable company analysis

Using publicly available information, J.P. Morgan compared selected financial data of Alpha and Cliffs with similar data for selected publicly traded companies engaged in businesses which J.P. Morgan judged to be analogous to the respective businesses of Alpha and Cliffs.

For Alpha, the companies selected by J.P. Morgan were:

Arch Coal, Inc.

CONSOL Energy Inc.

Foundation Coal Holdings, Inc.

Massey Energy Company

Walter Industries, Inc.

For Cliffs, the companies selected by J.P. Morgan were divided into four groups Diversified Mining, Base Metals, International Iron Ore and Steel and were as follows:

Diversified Mining

Anglo American plc

BHP Billiton Group

Vale

Rio Tinto plc

Teck Cominco Limited

Xstrata plc

Base Metals

Antofagasta plc

Freeport-McMoRan Copper & Gold Inc.

Southern Copper Corporation

International Iron Ore

Kumba Iron Ore Limited

Mount Gibson Iron Limited

Steel

ArcelorMittal USA

United States Steel Corporation

These companies were selected for each of Alpha and Cliffs, among other reasons, because the companies share similar business and financial characteristics to Alpha and Cliffs, as applicable. In each case, J.P. Morgan also made judgments and assumptions concerning differences in financial and operating characteristics of the selected companies and other factors that could affect the public trading value of the selected companies.

For each of the selected companies and for Alpha and Cliffs, J.P. Morgan divided the company s firm value, based on most recent publicly available information, at July 14, 2008 by its estimated EBITDA for the calendar year ending December 31, 2009, the result of which is referred to as the Firm Value/EBITDA Multiple. In addition, for each of the selected companies and for Alpha and Cliffs, J.P. Morgan divided the company s equity value at July 14, 2008 by its estimated operating cash flow for the calendar year ending December 31, 2009, the result of which is referred to as the Equity Value/Operating Cash Flow Multiple. The estimates of both EBITDA and operating cash flow for the selected companies were based on publicly available equity research estimates. With respect to Alpha and Cliffs, two sets of estimates of EBITDA and operating cash flow were developed one based on publicly available equity research estimates and the other on projections provided by Alpha and Cliffs and certain analyses of Alpha s business prepared by Cliffs management.

The following table reflects the results of the analysis:

	Firm Value/ EBITDA Multiple 2009E	**Equity Value/ Operating Cash Flow Multiple 2009E**
Alpha Comparables		
Range	3.8x 7.7x	6.4x 10.2x
Median(1)	7.0x	8.9x
Cliffs Comparables		
Diversified Mining range	4.6x 7.8x	6.0x 7.8x
Diversified Mining median	5.4x	6.4x
Base Metals range	4.1x 5.8x	5.5x 8.1x
Base Metals median	4.7x	5.8x
International Iron Ore range	3.0x 4.2x	3.9x 6.0x
International Iron Ore median	3.6x	5.0x
Steel range	5.1x 6.2x	6.5x 7.8x
Steel median	5.6x	7.2x

(1) Walter Industries was excluded from the median

Based on the Firm Value/EBITDA multiple range of 5.0 to 7.0 applied to Alpha s projected 2009 EBITDA, J.P. Morgan arrived at an estimated implied valuation range for Alpha common stock of $131 to $182 per share. Based on the Firm Value/EBITDA multiple range of 4.5 to 5.5 applied to Cliffs projected 2009 EBITDA, J.P. Morgan arrived at an estimated implied valuation range for Cliffs common shares of $116 to $142 per share.

Based upon these implied per share equity values, J.P. Morgan calculated a range of implied exchange ratios of 0.9230 to 1.5660.

Based on the Equity Value/Operating Cash Flow Multiple range of 7.0 to 9.0 applied to Alpha s projected 2009 operating cash flow, J.P. Morgan arrived at an estimated implied valuation range for Alpha common stock of $132 to $170 per share. Based on the Equity Value/Operating Cash Flow Multiple range of 5.5 to 7.0 applied to Cliffs projected 2009 operating cash flow, J.P. Morgan arrived at an estimated implied valuation range for Cliffs common shares of $107 to $136 per share.

Based upon these implied per share equity values, J.P. Morgan calculated a range of implied exchange ratios of 0.9720 to 1.5900.

The implied exchange ratio analysis provides a measure of the relative value of shares of Alpha common stock and Cliffs common shares by showing the number of Cliffs common shares having a value equal to one share of Alpha common stock. The purpose of this implied exchange ratio analysis is to provide a range of illustrative exchange ratios, or a relative measure of the relative market values of Alpha common stock to Cliffs common shares. The resulting exchange ratios are not directly comparable to the exchange ratio for the merger because in the merger, Alpha stockholders will receive cash in addition to Cliffs common shares.

In each case, J.P. Morgan compared the implied exchange ratio to 1.1460, calculated by dividing $130.00 per share of Alpha common stock by $113.44. $130.00 was calculated as the sum of (a) $22.23 per share of cash and (b) the product of 0.95 multiplied by $113.44. $113.44 was the closing price of Cliffs common shares on July 14, 2008.

Discounted cash flow analysis

J.P. Morgan calculated ranges of implied fully diluted equity value per share for both Alpha common stock and Cliffs common shares by performing a discounted cash flow analysis on a stand-alone basis (without synergies). In addition, J.P. Morgan also calculated ranges of implied fully diluted equity value per share for Alpha common stock with synergies. The discounted cash flow analysis for both Alpha and Cliffs assumed a valuation date of December 31, 2008 and was based on, in the case of Alpha, projections provided by Alpha and certain analyses of Alpha s business prepared by the management of Cliffs and, in the case of Cliffs, projections provided by Cliffs. The discounted cash flow analysis for Alpha common stock with synergies assumed pretax synergies of $50 million in 2009 and $100 million in 2010. Costs to achieve these synergies in 2009 were estimated to be $50 million, based on management guidance.

A discounted cash flow analysis is a traditional method of evaluating an asset by estimating the future cash flows of an asset and taking into consideration the time value of money with respect to those future cash flows by calculating the present value of the estimated future cash flows of the asset. Present value refers to the current value of one or more future cash payments, or cash flows, from an asset and is obtained by discounting those future cash flows or amounts by a discount rate that takes into account macro-economic assumptions, estimates of risk, the opportunity cost of capital, expected returns and other appropriate factors. Other financial terms utilized below are terminal value, which refers to the value of all future cash flows from an asset at a particular point in time, and unlevered free cash flows, which refers to a calculation of the future cash flows of an asset without including in such calculation any debt servicing costs.

In arriving at the estimated equity values per share of Alpha common stock and Cliffs common shares, J.P. Morgan calculated terminal values as of December 31, 2018 by applying a range of perpetual revenue growth rates of 0.0% to 1.0% and a range of discount rates of 10.0% to 12.0%. The unlevered free cash flows from January 1, 2009 through December 31, 2018 and the terminal value were then discounted to present values using the range of discount rates and added together in order to derive the unlevered enterprise values for each of Alpha and Cliffs. The range of discount rates used by J.P. Morgan in its analysis was estimated using traditional investment banking methodology, including the analysis of selected publicly traded companies engaged in businesses that J.P. Morgan deemed relevant to Alpha s and Cliffs businesses. These publicly traded companies were analyzed to determine the appropriate beta (an estimate of systematic risk) and target debt/total capital ratio to use in calculating the ranges of discount rates described above. The companies analyzed were the same as those used in connection with the comparable company analysis for Alpha and Cliffs described above.

In arriving at the estimated equity values per share of Alpha common stock and Cliffs common shares, J.P. Morgan calculated the equity value for both Alpha and Cliffs by increasing the unlevered enterprise values of each of Alpha and Cliffs by the estimated value of their respective cash, cash equivalents and marketable securities as of December 31, 2008.

Based on the assumptions set forth above, this analysis implied a common stock range of $131 to $156 per share without synergies and $139 to $166 per share with synergies for Alpha. Based on the assumptions set forth above, this analysis implied a common stock range of $120 to $143 per share for Cliffs. Based upon these implied per share common stock values, J.P. Morgan calculated a range of implied exchange ratios of 0.9140 to 1.2970 without synergies and 0.9690 to 1.3810 with synergies. In each case, J.P. Morgan compared the implied exchange ratio to the merger exchange ratio of 1.1460, assuming a 100% stock transaction, calculated as described above.

Relative contribution analysis

J.P. Morgan analyzed the contribution of Alpha and Cliffs to the pro forma combined company with respect to revenue, EBITDA and operating cash flow for fiscal years 2009 and 2010 using projections provided by Alpha and Cliffs and certain analyses of Alpha s business prepared by Cliffs management. The relative contribution analysis did not take into effect the impact of any synergies or integration costs as a result of the proposed merger. The analysis showed that Cliffs would contribute approximately the following percentages of revenue, EBITDA and operating cash flow to the pro forma combined company:

Relative contribution of Cliffs

	Revenue	EBITDA	Operating Cash Flow
2009	55%	59%	59%
2010	55%	60%	61%

The relative contribution percentages based on revenue, EBITDA and operating cash flow were used to determine the implied pro forma ownership percentages of the combined company post-merger for the Cliffs shareholders and Alpha stockholders assuming a 100% stock transaction. This was done by first assuming that Alpha s and Cliffs contributions with respect to revenue, EBITDA and operating cash flow reflected each company s contribution to the combined company s pro forma firm value (defined as the sum of market capitalization, net debt and minority interests). J.P. Morgan then derived each company s equity value contribution with respect to revenue, EBITDA and operating cash flow by adjusting each company s firm value contribution determined for each measurement by its outstanding net debt and minority interests. The analysis yielded the following implied pro forma ownership by the Cliffs shareholders:

Implied ownership by Cliffs shareholders(1)

	Revenue	EBITDA	Operating Cash Flow
2009	53%	58%	59%
2010	54%	59%	61%

(1) Based on relative contribution, actual capital structure and assuming a 100% stock transaction

Based on the implied pro forma ownership percentages with respect to revenue, EBITDA and operating cash flow, J.P. Morgan then calculated the implied relative exchange ratios for each measurement assuming a 100% stock transaction. The analysis yielded the following implied exchange ratios:

Implied exchange ratio(1)

	Revenue	**EBITDA**	**Operating Cash Flow**
2009	1.2534x	1.0569x	1.0003x
2010	1.2321x	0.9969x	0.9227x

(1) Based on relative contribution, actual capital structure and assuming a 100% stock transaction

J.P. Morgan then compared the exchange ratios implied by the contribution analysis as calculated as described above to the merger exchange ratio of 1.1460, assuming a 100% stock transaction, which implies pro forma ownership of approximately 56% for Cliffs shareholders and approximately 44% for Alpha stockholders.

Value creation analysis

J.P. Morgan also estimated the potential impact on the value of the common shares held by Cliffs shareholders due to the transaction. J.P. Morgan calculated the potential increase/(decrease) in the equity value per Cliffs common share by comparing (a) the estimated discounted cash flow valuations of Cliffs common shares with (b) the estimated value of the pro forma Alpha common stock calculated by adding (i) the estimated discounted cash flow valuation for Cliffs common shares, (ii) the estimated discounted cash flow valuation for Alpha common stock and (iii) the estimated discounted cash flow valuation for the estimated synergies (less estimated integration costs), multiplied by a factor of 60%, representing Cliffs shareholders pro forma ownership of the pro forma combined company. Based on the assumptions set forth above, this analysis implied value creation for Cliffs common shares of $1.85 per share (assuming no discount rate improvement) and $7.34 per share (assuming a 0.5% discount rate improvement).

Miscellaneous

The foregoing summary of certain material financial analyses does not purport to be a complete description of the analyses or data presented by J.P. Morgan. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. J.P. Morgan believes that the foregoing summary and its analyses must be considered as a whole and that selecting portions of the foregoing summary and these analyses, without considering all of its analyses as a whole, could create an incomplete view of the processes underlying the analyses and its opinion. In arriving at its opinion, J.P. Morgan did not attribute any particular weight to any analyses or factors considered by it and did not form an opinion as to whether any individual analysis or factor (positive or negative), considered in isolation, supported or failed to support its opinion. Rather, J.P. Morgan considered the totality of the factors and analyses performed in determining its opinion. Analyses based upon forecasts of future results are inherently uncertain, as they are subject to numerous factors or events beyond the control of the parties and their advisors. Accordingly, forecasts and analyses used or made by J.P. Morgan are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by those analyses. Moreover, J.P. Morgan s analyses are not and do not purport to be appraisals or otherwise reflective of the prices at which businesses actually could be bought or sold.

None of the selected companies reviewed as described in the above summary is identical to Alpha or Cliffs. However, the companies selected were chosen because they are publicly traded companies with operations and businesses that, for purposes of J.P. Morgan s analysis, may be considered similar to those of Alpha or Cliffs, as the case may be. The analyses necessarily involve complex considerations and judgments concerning differences in financial and operational characteristics of the companies involved and other factors that could affect the companies compared to Alpha or Cliffs.

As a part of its investment banking business, J.P. Morgan and its affiliates are continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements, and valuations for estate, corporate and other purposes. J.P. Morgan was selected to advise Cliffs with respect to the merger and to deliver an opinion to the Cliffs board of directors with respect to the fairness, from a financial point of view, of the consideration to be paid by Cliffs in the merger on the basis of such experience and its familiarity with Cliffs.

J.P. Morgan acted as financial advisor to Cliffs with respect to the proposed merger and will receive a fee from Cliffs for its services (including for delivery of the J.P. Morgan opinion) in an aggregate amount equal to $15 million, a substantial portion of which will become payable only if the proposed merger is consummated. In the event Alpha pays any termination fee or other payment (including any reimbursement of expenses) to Cliffs following or in connection with the termination, abandonment or failure to consummate the merger, Cliffs has agreed to pay

J.P. Morgan 25% of any such termination fee or other payment (not to exceed the amount that would otherwise be payable to J.P. Morgan), less any fees previously paid. In addition, Cliffs has agreed to reimburse J.P. Morgan for its expenses and indemnify J.P. Morgan against certain liabilities arising out of J.P. Morgan s engagement, including liabilities arising under the Federal securities laws.

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In addition, during the past two years, J.P. Morgan and its affiliates have had commercial or investment banking relationships with Cliffs for which J.P. Morgan and its affiliates have received customary compensation.

In addition, J.P. Morgan s commercial banking affiliate is an agent bank and a lender under outstanding credit facilities of Cliffs, for which it receives customary compensation or other financial benefits. J.P. Morgan anticipates that J.P. Morgan and its affiliates will arrange and provide financing to Cliffs in connection with the merger for customary compensation. J.P. Morgan has no transaction history with Alpha. In the ordinary course of their businesses, J.P. Morgan and its affiliates may actively trade the debt and equity securities of Cliffs or Alpha for their own accounts or for the accounts of customers and, accordingly, they may at any time hold long or short positions in such securities.

Stock Ownership of Directors and Executive Officers of Alpha and Cliffs

Alpha

You should review Alpha s disclosures about Alpha directors and executive officers ownership of Alpha securities that are incorporated by reference in this joint proxy statement/prospectus. See Where You Can Find More Information beginning on page 239.

Cliffs

For information regarding Cliffs directors and executive officers ownership of Cliffs securities, please see Security Ownership of Certain Beneficial Owners and Management Cliffs Share Ownership by Management and Directors beginning on page 177.

Merger Consideration

Holders of Alpha common stock (other than shares held by any dissenting Alpha stockholder that has properly exercised appraisal rights in accordance with Delaware law, held in treasury by Alpha or owned by Cliffs) will be entitled to receive for each share of Alpha common stock (which will be cancelled in the merger):

$22.23 in cash, without interest; and

0.95 of a fully paid, nonassessable common share of Cliffs.

As a result, Cliffs will issue approximately 70,000,000 of its common shares and pay approximately $1.7 billion in cash in the merger based upon the number of shares of Alpha common stock outstanding on the record date of the Alpha special meeting.

The total value of the merger consideration that an Alpha stockholder receives in the merger may vary. The value of the cash portion of the merger consideration is fixed at $22.23 for each share of Alpha common stock. The share portion of the merger consideration is similarly fixed at 0.95 of a common share of Cliffs to be exchanged for each share of Alpha common stock, but the value of the share portion of the merger consideration will vary due to changes in the market value of Cliffs common shares.

No fractional common shares of Cliffs will be issued in the merger. Any holder of Alpha common stock that would otherwise be entitled to receive fractional common shares of Cliffs as a result of the exchange of Alpha common stock for Cliffs common shares will receive, in lieu of any fractional shares, an amount in cash, without interest, equal to the fractional share interest multiplied by the closing price for a common share of Cliffs as reported on the NYSE Composite Transactions Reports as of the closing date of the merger (or, if that date is not a trading day, as of the trading day immediately preceding the closing date).

Cliffs will fund the cash portion of the merger consideration with cash from committed debt financing.

Ownership of the Combined Company After the Merger

Based on the number of common shares of Cliffs and shares of Alpha common stock outstanding on their respective record dates, and assuming that Cliffs will issue approximately 70,000,000 common shares of Cliffs in connection with the merger, after completion of the merger former Alpha stockholders will own approximately 37% of the then-outstanding common shares of the combined company.

Interests of Alpha Executive Officers and Directors in the Merger

When considering the recommendation of its board of directors with respect to the merger agreement and the transactions contemplated by the merger agreement, including the merger, Alpha stockholders should be aware that some directors and executive officers of Alpha have interests in the transactions contemplated by the merger agreement that may be different from, or in addition to, their interests as stockholders and the interests of Alpha stockholders generally. These interests include:

- special retention bonuses payable upon closing;
- accelerated vesting and exercisability of Alpha stock options and restricted stock issued under Alpha s equity compensation plans;
- payments under employment agreements and severance plans which, in either case, may be triggered upon the closing of the merger or if the officer s employment is terminated under certain circumstances following the merger;
- accelerated vesting and payment of deferred compensation for directors under Alpha s equity compensation plans;
- potential appointment to the Cliffs board of directors following the merger;
- potentially becoming executive officers, employees or consultants of Cliffs after the transaction;
- continued benefits under Cliffs plans for two years following the effective date of the merger that are, in the aggregate, substantially comparable to those provided by Alpha immediately prior to the effective time of the merger; and
- Cliffs agreement to indemnify each present and former Alpha officer and director against liabilities arising out of that person s services as an officer or director, and maintain directors and officers liability insurance for a period of six years after closing to cover Alpha directors and officers, subject to certain limitations.

The Alpha board of directors was aware of these arrangements during its deliberations on the merits of the merger and in deciding to recommend that you vote for the adoption of the merger agreement at the Alpha special meeting.

John Brinzo. Alpha s board considered the interests that one director of Alpha, John Brinzo, had in Cliffs as a result of his former role as Chief Executive Officer and Chair of the Cliffs board of directors, including his receipt of a pension from Cliffs and ownership of common shares and unvested performance shares of Cliffs. As of October 6, 2008, Mr. Brinzo held 36,048 common shares of Cliffs. Mr. Brinzo is entitled to receive monthly pension payments from Cliffs in the amount of $9,485.94 for the rest of his life. As of the date of this joint proxy statement/prospectus, Mr. Brinzo holds 23,188 performance shares and 4,092 retention units of Cliffs.

Change in Control. For purposes of all the Alpha agreements and plans described in further detail below, the completion of the transactions contemplated by the merger agreement will constitute a change in control.

Retention Bonus. In connection with entry into the merger agreement, Alpha approved the grant of a cash retention bonus to five executive officers including named executive officers David C. Stuebe, Randy L. McMillion, and Joachim V. Porco. Messrs. Stuebe, McMillion, and Porco, and two other executive officers (together) will receive cash retention bonuses at the closing of the merger in the amounts of up to $1.2 million, $2.1 million, $1.6 million and $1.9 million, respectively. Named executive officers Michael J. Quillen and Kevin S. Crutchfield will not receive retention bonuses. Each retention bonus will be forfeited in the event that the executive s employment is terminated for cause or the executive voluntarily terminates employment without cause prior to the second anniversary of closing of the merger.

Equity Compensation Awards. The merger agreement provides that, upon completion of the merger, outstanding Alpha stock options are converted into Cliffs stock options, and outstanding Alpha restricted shares are converted into the right to receive the merger consideration. Also, each outstanding performance share vests according to the terms of its agreement, and the holders of performance shares are entitled to receive cash for the shares. The terms of Alpha s equity compensation plans and the applicable award agreements provide that upon a change in control of Alpha, unvested stock options and shares of restricted stock will vest in full, and performance shares vest and are paid out at the target award level contemporaneous with the consummation of the change in control. Assuming a closing date for the merger of December 31, 2008, upon completion of the merger, (1) the number of unvested stock options (with exercise prices ranging from $12.73 to $24.85) held by each of Messrs. Quillen, Stuebe, Crutchfield, McMillion, Porco, the two other Alpha executive officers (together), and the seven non-employee directors (as a group), that would vest are 0, 16,000, 29,162, 24,000, 15,785, 28,568, and 12,000 respectively; (2) the number of performance shares of Alpha common stock held by each of Messrs. Quillen, Stuebe, Crutchfield, McMillion, Porco, and the two other Alpha executive officers (together) and the seven non-employee directors (as a group) that would vest and become free of restrictions are 144,811, 26,945, 88,270, 42,631, 34,274, 41,616, and 0, respectively; and (3) the number of shares of restricted Alpha common stock held by each of Messrs. Quillen, Stuebe, Crutchfield, McMillion, Porco, the two other Alpha executive officers (together), and the seven non-employee directors (as a group), that would vest and become free of restrictions are 111,579, 18,896, 67,755, 32,715, 26,398, 32,069 and 40,660 respectively.

Assuming the merger is completed on December 31, 2008, the aggregate cash value of the stock-based awards held by Messrs. Quillen, Stuebe, Crutchfield, McMillion, Porco, the two other Alpha executive officers (together) and the seven non-employee directors (as a group) that would vest upon completion of the merger, based on an estimated Alpha closing stock price of $128.12, is approximately $32.8 million, $7.9 million, $23.3 million, $12.6 million, $9.8 million, $13.0 million, and $6.7 million, respectively.

Prior to the effective date of the merger, Alpha s board of directors (and/or its compensation committee) expects to vote to exempt its executive officers and directors dispositions of Alpha securities (including derivative securities) from Section 16(b) of the Exchange Act.

Employment Agreements. Alpha has previously entered into employment agreements with each of Michael J. Quillen and Kevin S. Crutchfield. These employment agreements with Messrs. Quillen and Crutchfield provide for certain payments to them upon a change in control and upon termination of employment in connection with a change in control.

On July 16, 2008 Alpha announced that after the merger, Mr. Quillen will move to a new position as non-executive vice chairman of the board of the combined company, where he will help guide Clifs Natural Resources strategic direction and growth. Mr. Quillen s position of chairman of Alpha s board and chief executive officer of Alpha will be eliminated. His termination of employment as chief executive officer will be treated as a termination without cause subsequent to a change in control, and he will be eligible to receive payments and benefits under his employment agreement as set forth below.

Under the terms of the employment agreements with Messrs. Quillen and Crutchfield, upon a change in control, each of Messrs. Quillen and Crutchfield is entitled to receive a lump-sum cash payment equal to his pro-rata target annual bonus for the year in which the change in control occurs. Assuming the merger is completed on December 31, 2008, the amount of such payments that would be payable to each of Messrs. Quillen and Crutchfield is $700,000 and $504,000, respectively.

If the employment of either Mr. Quillen or Mr. Crutchfield is terminated during the 90 days prior to, on, or within one year after a change in control by either of them for good reason or by the employer other than for (x) employer cause, (y) death or (z) permanent disability, as such terms are defined in the employment agreements with Messrs. Quillen and Crutchfield, each of them will be entitled, subject to his execution of a release, to (i) a lump sum payment equal to a multiple of his base salary and target bonus (three, in the case of Mr. Quillen, and two and one-half, in the case of Mr. Crutchfield, whereas absent a change in control, for each of Messrs. Quillen and Crutchfield the multiple would be two), and (iii) a cash payment of $15,000 to cover outplacement assistance services and other expenses associated with seeking another position.

In addition, upon a termination of Mr. Quillen s or Mr. Crutchfield s employment without cause or for good reason, whether or not in connection with a change in control, each is entitled to (i) a pro-rata share of any individual annual cash bonuses or target individual annual cash incentive compensation; (ii) any accrued base salary and other amounts accrued and/or owing to such executive; and (iii) certain health, life and welfare benefits until the earlier to occur of (x) his reaching the age of 65, (y) his obtaining substantially similar benefits from another employer, or (z) in the case of Mr. Quillen, the 36-month anniversary of the employment termination date in connection with a change in control (whereas absent a change in control, it would be the 24-month anniversary), and in the case of Mr. Crutchfield, the expiration of the COBRA continuation period (generally 18 months). Assuming that the merger is completed on December 31, 2008 and Mr. Quillen and Mr. Crutchfield experience qualifying terminations of employment immediately thereafter, the value of the continued medical and life benefits to be provided is approximately $69,000 and $27,000, respectively.

In the event that any change in control payments or distributions to Messrs. Quillen or Crutchfield would constitute an excess parachute payment within the meaning of Section 280G of the Code, then the agreements obligate Alpha (subject to certain exceptions) to pay each executive an additional tax gross-up payment such that the net amount retained by him, after deduction of any excise tax imposed under Section 4999 of the Code and any taxes imposed upon the gross-up payment itself, is equal to the amount that would have been payable or distributable to him if such payments or distributions did not constitute excess parachute payments.

Under the terms of their employment agreements, Messrs. Quillen and Crutchfield have also agreed to certain ongoing confidentiality obligations, and non-competition and non-solicitation obligations for a period of one year following termination of employment.

Assuming that the merger is completed on December 31, 2008 and each of Messrs. Quillen and Crutchfield experiences a qualifying termination of employment immediately thereafter, the aggregate value of the cash severance and other benefits that would be payable is approximately $18.0 million and $11.5 million, respectively, not including the value of the vesting of equity awards described above. Solely upon a change in control, assuming that the merger is completed on December 31, 2008, the aggregate value of the cash payments that would be made to Mr. Crutchfield under his employment agreement is approximately $6.8 million, not including the value of the equity awards described above.

Key Employee Separation Plan. Alpha s five other executive officers, including Messrs. Stuebe, McMillion, and Porco, are not parties to employment agreements with Alpha, but are covered by Alpha s key employee separation plan, which was previously approved by Alpha. Under the terms of the separation plan, upon a change in control, each participant is entitled to receive a lump-sum cash payment equal to his pro-rata target annual bonus for the year in which the change in control occurs. Assuming the merger is completed on December 31, 2008, the amount of such payments payable to each of Messrs. Stuebe, McMillion, and Porco and the two other executive officers (together), respectively, is approximately $236,000, $262,500, $214,988, and $252,000.

Contingent upon the participant s execution of a general release, and a one-year non-disparagement and non-competition agreement, in the event the participant s employment is terminated by the employer without cause or by the participant for good reason during the 90 days prior to, on or within one year after a change in control, upon termination the participant will be entitled to receive his base salary and target bonus multiplied by the applicable benefit factor (in the case of each of Messrs. Stuebe, McMillion, and Porco, that factor is two, whereas absent a change in control, it would be one and one-half).

In addition, upon a termination of a participant s employment without cause or for good reason (whether or not in connection with a change in control), each participant is entitled to: (i) any accrued base salary and other amounts accrued and/or owing to such executive; (ii) a pro-rata share of any individual annual cash bonuses or target individual annual cash incentive compensation; (iii) certain medical and life benefits until the earlier to occur of (x) reaching the age of 65, (y) obtaining substantially similar benefits from another employer, or (z) the expiration of the COBRA continuation period, and (iv) a cash payment of $15,000 to cover outplacement assistance services and other expenses associated with seeking another position. Assuming that the merger is completed on December 31, 2008 and the executive experiences a qualifying termination of employment immediately thereafter, the approximate value of continued health, life and welfare benefits to each of Messrs. Stuebe, McMillion, and Porco and the two other executive officers (together), is approximately $19,000, $26,000, $23,000, and $40,000, respectively.

Assuming that the merger is completed on December 31, 2008 and the executive experiences a qualifying termination of employment immediately thereafter, the approximate aggregate value of the cash severance and other severance benefits payable under the Separation Plan to each of Messrs. Stuebe, McMillion, and Porco and each of Alpha s two other executive officers (together) is approximately $1.59 million, $1.79 million, $1.47 million, and $2.31 million, respectively. These amounts are in addition to the retention bonuses and the value of the vesting of equity awards, described above.

Nonqualified Deferred Compensation. Alpha maintains the Director Deferred Compensation Agreement under the 2005 Long-Term Incentive Plan, which provides for the deferral of compensation of non-employee directors into cash and stock units.

Pursuant to the terms of the Director Deferred Compensation Agreement, participants are entitled to a lump sum distribution of their accounts within 30 days following the consummation of a change in control. Three directors participate in this plan.

Appointment to the Cliffs Board of Directors and Officer Appointment. Under the merger agreement, the Cliffs board of directors is required to take all actions as may be required to appoint Mr. Quillen, Alpha s current Chief Executive Officer, to serve as non-executive vice-chairman, and Glenn A. Eisenberg, another current Alpha board member, to serve on the Cliffs board of directors after the merger. Under the merger agreement, Cliffs has agreed to take all actions as may be required to appoint Mr. Crutchfield as president of the coal division of Cliffs as of the effective time of the merger.

New Employment Arrangements. As of the date Alpha entered into the merger agreement, no executive officer of Alpha had any arrangement or understanding with Cliffs regarding continued employment with Cliffs or the combined company other than, as discussed above, the payment of retention bonuses to certain executives and the provisions of the merger agreement that obligate Cliffs to appoint certain directors to the board of Cliffs and to appoint Mr. Crutchfield as president of the coal division of Cliffs at the effective time of the merger. As of the date of this joint proxy statement/prospectus, no executive officer of Alpha has entered into any agreement or understanding or engaged in any substantive discussions with Cliffs as to terms and conditions of possible employment with Cliffs or the combined company. Alpha anticipates that, subsequent to the date of this joint proxy statement/prospectus, Mr. Crutchfield is likely to engage in discussions with Cliffs regarding the terms and conditions of his future employment by Cliffs as president of the coal division of Cliffs pursuant to the terms of the merger agreement. It is possible that certain other members of Alpha s management will be presented with, and will discuss with Cliffs, proposed terms of future employment with the combined company subsequent to the date of this joint proxy statement/prospectus. The proposed terms and conditions of such possible employment that may be discussed and agreed upon by Mr. Crutchfield and other members of Alpha s management and Cliffs may include, but are not necessarily limited to, base salary, short-term incentive compensation and long-term incentive compensation, including equity awards.

Listing of Cliffs Common Shares and Delisting of Alpha Common Stock

It is a condition to the merger that the Cliffs common shares issuable in connection with the merger be authorized for issuance on the NYSE subject to official notice of issuance. Cliffs common shares are currently traded on the NYSE under the symbol CLF. If the merger is completed, Alpha common stock will no longer be listed on the NYSE and will be deregistered under the Exchange Act, and Alpha may no longer file periodic reports with the SEC.

Cliffs Board of Directors After the Merger

Under the merger agreement, as of the effective time of the merger, the Cliffs board of directors will take all actions as may be required to appoint Michael J. Quillen (to serve as non-executive vice-chairman) and Glenn A. Eisenberg to the Cliffs board of directors. Cliffs and Alpha have agreed that at least one of the individuals to be appointed to the Cliffs board of directors will meet the independence standard of the listing standards of the NYSE. If either of these individuals declines or is unable to serve on the Cliffs board of directors, Cliffs and Alpha will agree on a mutually acceptable candidate.

Michael J. Quillen has served as Alpha s Chief Executive Officer and a member of the Alpha board since its formation in November 2004 and served as Alpha s President until January 2007. He was named Chairman of Alpha s board in October 2006. Mr. Quillen joined the Alpha management team as President and the sole manager of Alpha Natural Resources, LLC, Alpha s top-tier operating subsidiary, in August 2002, and has served as Chief Executive Officer of Alpha Natural Resources, LLC since January 2003. He also served as the president and a member of the board of directors of ANR Holdings, LLC, Alpha s former top-tier holding company, from December 2002 until ANR Holdings, LLC was merged with another of Alpha s subsidiaries in December 2005, and as the chief executive officer of ANR Holdings, LLC from March 2003 until December 2005. From September 1998 to December 2002, Mr. Quillen was Executive Vice President Operations of AMCI Metals & Coal International Inc., which is referred to as AMCI. While at AMCI, he was also responsible for the development of AMCI s Australian properties. Mr. Quillen has over 30 years of experience in the coal industry starting as an engineer. He has held senior executive positions in the coal industry throughout his career, including as Vice President Operations of Pittston Coal Company, President of Pittston Coal Sales Corp., Vice President of AMVEST Corporation, Vice President Operations of NERCO Coal Corporation, President and Chief Executive Officer of Addington, Inc. and Manager of Mid-Vol Leasing, Inc. Mr. Quillen was elected to the board of directors of Martin Marietta Materials, Inc., a leading producer of construction aggregates in the United States, in February 2008.

Glenn A. Eisenberg has been a member of the Alpha board since the 2005 Alpha annual meeting and is currently Chairman of Alpha s Audit Committee and a member of Alpha s Nominating and Corporate Governance Committee. Mr. Eisenberg currently serves as Executive Vice President, Finance and Administration of The Timken Company, an international manufacturer of highly engineered bearings, alloy and specialty steel and components and a provider of related products and services. Prior to joining The Timken Company in 2002, Mr. Eisenberg served as President and Chief Operating Officer of United Dominion Industries, a manufacturer of proprietary engineered products, from 1999 to 2001, and as the President Test Instrumentation Segment and Executive Vice President for United Dominion Industries from 1998 to 1999. Mr. Eisenberg also serves as a director and chairman of the audit committee of Family Dollar Stores, Inc., owners and operators of discount stores throughout the United States.

Appraisal Rights of Alpha Stockholders

Holders of record of Alpha common stock who do not vote in favor of the adoption of the merger agreement, and who otherwise comply with the applicable provisions of Section 262 of the DGCL, will be entitled to exercise appraisal rights under Section 262 of the DGCL in connection with the merger. A person having a beneficial interest in shares of Alpha common stock held of record in the name of another person, such as a broker, bank or other nominee, must act promptly to cause the record holder to fulfill the requirements of Section 262 of the DGCL properly and in a timely manner to perfect appraisal rights.

The following discussion is not a complete statement of the law pertaining to appraisal rights under the DGCL and is qualified by the full text of Section 262 of the DGCL, which is reprinted in its entirety as Annex D and incorporated into this joint proxy statement/prospectus by reference. All references in Section 262 of the DGCL and in this summary to a stockholder or holder are to the record holder of the shares of Alpha common stock as to which appraisal rights are asserted. The following summary does not constitute legal or other advice nor does it constitute a recommendation that stockholders exercise their appraisal rights under Section 262 of the DGCL.

Holders of shares of Alpha common stock who do not vote in favor of the adoption of the merger agreement and who otherwise follow the procedures set forth in Section 262 of the DGCL will be entitled to have their Alpha common stock appraised by the Delaware Court of Chancery and to receive, in lieu of the merger consideration, payment in cash of the fair value of the shares of Alpha common stock, exclusive of any element of value arising from the accomplishment or expectation of the merger, as determined by the Court together with interest, if any, to be paid upon the amount determined to be fair value. Unless the Delaware court in its discretion determines otherwise for good cause shown, this rate of interest will be five percent over the Federal Reserve discount rate (including any surcharge) as established from time to time between the effective date of the merger and the date of payment and will be compounded quarterly. Any such judicial determination of the fair value of shares of Alpha common stock could be based upon considerations other than or in addition to the merger consideration and the market value of the shares of Alpha common stock. Moreover, Alpha may argue in an appraisal proceeding that, for purposes of such a proceeding, the fair value of the shares of Alpha common stock is less than the merger consideration. **You should be aware that the fair value of your shares as determined under Section 262 of the DGCL could be less than, the same as, or more than the merger consideration that you are entitled to receive under the terms of the merger agreement**.

Under Section 262 of the DGCL, when a proposed merger of a Delaware corporation is to be submitted for adoption at a meeting of its stockholders, the corporation, not less than 20 days prior to the meeting, must notify each of its stockholders who was a stockholder on the record date for this meeting with respect to shares for which appraisal rights are available, that appraisal rights are so available, and must include in that required notice a copy of Section 262 of the DGCL.

This joint proxy statement/prospectus constitutes the required notice to the holders of the shares of Alpha common stock in respect of the merger, and Section 262 of the DGCL is attached to this joint proxy statement/prospectus as Annex D. Any Alpha stockholder who wishes to exercise appraisal rights in connection with the merger or who wishes to preserve the right to do so should review the following discussion and Annex D carefully, because failure to timely and properly comply with the procedures specified in Annex D will result in the loss of appraisal rights under the DGCL. Moreover, because of the complexity of the procedures for exercising the right to seek appraisal of shares of Alpha common stock, stockholders who are considering exercising such rights should seek the advice of legal counsel.

A holder of Alpha common stock wishing to exercise appraisal rights must not vote in favor of the adoption of the merger agreement, and must deliver to Alpha before the taking of the vote on the adoption of the merger agreement at the Alpha special meeting a written demand for appraisal of the stockholder s Alpha common stock. This written demand for appraisal must be separate from any proxy or ballot abstaining from the vote on the adoption of the merger agreement or instructing or effecting a vote against the adoption of the merger agreement. This demand must reasonably inform Alpha of the identity of the stockholder and of the stockholder s intent thereby to demand appraisal of the stockholder s shares in connection with the merger. A holder of Alpha common stock wishing to exercise appraisal rights must be the record holder of the shares of Alpha common stock on the date the written demand for appraisal is made and must continue to hold the shares of Alpha common stock through the effective date of the merger. Accordingly, a holder of Alpha common stock who is the record holder of Alpha common stock on the date the written demand for appraisal is made, but who thereafter transfers the shares of Alpha common stock prior to consummation of the merger, will lose any right to appraisal in respect of the shares of Alpha common stock.

A proxy that is signed and does not contain voting instructions will, unless revoked, be voted in favor of the adoption of the merger agreement, and it will constitute a waiver of the stockholder s right of appraisal and will nullify any previously delivered written demand for appraisal. Therefore, a stockholder who submits a proxy and who wishes to exercise appraisal rights must vote against adoption of the merger agreement, or abstain from voting on the adoption of the merger agreement.

Only a holder of record of Alpha common stock on the date of the making of a demand for appraisal will be entitled to assert appraisal rights for the shares of Alpha common stock registered in that holder s name. A demand for appraisal should be executed by or on behalf of the holder of record, fully and correctly, as the holder s name appears on the holder s stock certificates. The demand must reasonably inform Alpha of the identity of the holder and the intention of the holder to demand appraisal of his, her or its shares of Alpha common stock. If your shares of Alpha common stock are held through a broker, bank, nominee or other third party, and you wish to demand appraisal rights, you must act promptly to instruct the applicable broker, bank, nominee or other third party to follow the steps summarized in this section.

All written demands for appraisal should be sent or delivered to Alpha at One Alpha Place, P.O. Box 2345, Abingdon, Virginia 24212, Attention: Corporate Secretary.

Within ten days after the effective date of the merger, Alpha, or its successor, which we refer to generally as the surviving corporation, will notify each former Alpha stockholder who has properly asserted appraisal rights under Section 262 of the DGCL, and has not voted in favor of the adoption of the merger agreement, of the date the merger became effective. At any time within 60 days after the effective date of the merger, any holder who has demanded an appraisal has the right to withdraw the demand and accept the merger consideration in accordance with the merger agreement for his, her or its shares of Alpha common stock.

Within 120 days after the effective date of the merger, but not thereafter, the surviving corporation or any former Alpha stockholder who has complied with the statutory requirements summarized above may file a petition in the Delaware Court of Chancery, with a copy served on the surviving corporation in the case of a petition filed by the stockholder, demanding a determination of the fair value of the shares of Alpha common stock that are entitled to appraisal rights. None of Cliffs, the surviving corporation or Alpha is under any obligation to and none of them has any present intention to file a petition with respect to the appraisal of the fair value of the shares of Alpha common stock, and stockholders seeking to exercise appraisal rights should not assume that the surviving corporation, Alpha or Cliffs will initiate any negotiations with respect to the fair value of such shares. Accordingly, it is the obligation of Alpha stockholders wishing to assert appraisal rights to take all necessary action to perfect and maintain their appraisal rights within the time prescribed in Section 262 of the DGCL. A person who is a beneficial owner of shares of Alpha common stock held either in a voting trust or by a nominee on behalf of such person may, in such person s own name, file the petition described in this paragraph.

Within 120 days after the effective date of the merger, any former Alpha stockholder who has complied with the requirements for exercise of appraisal rights will be entitled, upon written request, to receive from the surviving corporation a statement setting forth the aggregate number of shares of Alpha common stock not voted in favor of adopting the merger agreement, and with respect to which demands for appraisal have been received and the aggregate number of former holders of these shares of Alpha common stock. These statements must be mailed within 10 days after a written request therefor has been received by the surviving corporation or within 10 days after expiration of the period for delivery of demands for appraisal under Section 262 of the DGCL, whichever is later. A person who is the beneficial owner of shares of Alpha common stock held either in a voting trust or by a nominee on behalf of any such person may, in such person s own name, request from the surviving corporation the statement described this paragraph.

If a petition for an appraisal is filed timely with the Delaware Court of Chancery by a former Alpha stockholder and a copy thereof is served upon the surviving corporation, the surviving corporation will then be obligated within 20 days of service to file with the Delaware Register in Chancery a duly verified list containing the names and addresses of all former Alpha stockholders who have demanded appraisal of their shares of Alpha common stock and with whom agreements as to value have not been reached. After notice to such former Alpha stockholders as required by the Delaware Court of Chancery, the Delaware Court of Chancery shall conduct a hearing on such petition to determine those former Alpha stockholders who have complied with Section 262 of the DGCL and who have become entitled to appraisal rights thereunder. The Delaware Court of Chancery may require the former Alpha stockholders who demanded appraisal of their shares of Alpha common stock to submit their stock certificates to the Delaware Register in Chancery for notation thereon of the pendency of the appraisal proceeding. If any former stockholder fails to comply with such direction, the Delaware Court of Chancery may dismiss the proceedings as to that former stockholder.

After determining which, if any, former Alpha stockholders are entitled to appraisal, the Delaware Court of Chancery will appraise their shares of Alpha common stock, determining their fair value, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with interest, if any, to be paid upon the amount determined to be the fair value. Unless the Delaware Court of Chancery in its discretion determines otherwise for good cause shown, interest from the effective date of the merger through the date of payment of the judgment shall be compounded quarterly and shall accrue at five percent over the Federal Reserve discount rate (including the surcharge) as established from time to time between the effective date of the merger and the date of the payment.

In determining fair value, the Delaware Court of Chancery is required to take into account all relevant factors. Alpha stockholders considering seeking appraisal should be aware that the fair value of their shares of Alpha common stock as determined under Section 262 of the DGCL could be less than, the same as, or more than the value of the consideration they would receive pursuant to the merger agreement if they did not seek appraisal of their shares of Alpha common stock. Cliffs, Alpha and/or the surviving corporation reserve the right to assert, in any appraisal proceeding, that for the purposes of Section 262 of the DGCL, the fair value of a share of Alpha common stock is less than the merger consideration.

The costs of the appraisal action may be determined by the Delaware Court of Chancery and levied upon the parties as the Delaware Court of Chancery deems equitable. Upon application of a former Alpha stockholder, the Delaware Court of Chancery may also order that all or a portion of the expenses incurred by any former Alpha stockholder in connection with an appraisal proceeding, including, without limitation, reasonable attorneys fees and the fees and expenses of experts used in the appraisal proceeding, be charged pro rata against the value of all of the shares of Alpha common stock entitled to appraisal.

Any holder of Alpha common stock who has duly demanded an appraisal in compliance with Section 262 of the DGCL will not, after the consummation of the merger, be entitled to vote the shares of Alpha common stock subject to this demand for any purpose or be entitled to the payment of dividends or other distributions on those shares of Alpha common stock (except dividends or other distributions payable to holders of record of Alpha common stock as of a record date prior to the effective date of the merger).

If any stockholder who properly demands appraisal of his, her or its Alpha common stock under Section 262 of the DGCL fails to perfect, or effectively withdraws or loses, his, her or its right to appraisal, as provided in Section 262 of the DGCL, that stockholder s shares of Alpha common stock will be deemed to have been converted into the right to receive the merger consideration payable (without interest) in the merger. An Alpha stockholder will fail to perfect, or effectively lose or withdraw, his, her or its right to appraisal if, among other things, no petition for appraisal is filed within 120 days after the effective date of the merger, or if the stockholder delivers to Alpha or the surviving corporation, as the case may be, a written withdrawal of his, her or its demand for appraisal. Any attempt to withdraw an appraisal demand in this manner more than 60 days after the effective date of the merger will require the written approval of the surviving corporation. In addition, once a petition for appraisal is filed, the appraisal proceeding may not be dismissed as to any holder absent court approval; provided, however, that any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party may withdraw his, her or its demand for appraisal and accept the merger consideration offered pursuant to the merger agreement within 60 days after the effective date of the merger.

Any Alpha stockholder wishing to exercise appraisal rights is urged to consult with legal counsel prior to attempting to exercise such rights.

Dissenters Rights of Cliffs Shareholders

Under the Ohio General Corporation Law, certain of Cliffs shareholders are entitled to dissenters rights in connection with the merger. However, such Cliffs shareholders are entitled to relief as dissenting shareholders under Section 1701.85 of the Ohio General Corporation Law only if they strictly comply with all of the procedural and other requirements of Section 1701.85, a copy of which has been attached as Annex E to this document. The following is a description of the material terms of Section 1701.85.

A Cliffs shareholder who wishes to perfect his, her or its rights as a dissenting shareholder:

- must be a record holder of the shares of Cliffs as to which he, she or it seeks relief as of the record date of the Cliffs special meeting;

- must not vote such shares of Cliffs in favor of the adoption of the merger agreement and the approval of the issuance of Cliffs common shares in the merger; and must deliver to Cliffs, not later than ten days after the Cliffs special meeting, a written demand for payment to such dissenting shareholder of the fair cash value of the shares as to which he, she or it seeks relief. The written demand must state the dissenting shareholder s address, the number and class of such shares, and the amount claimed by the dissenting shareholder as the fair cash value of such shares.

Voting against the adoption of the merger agreement and the approval of the issuance of the Cliffs common shares pursuant to the merger agreement will not satisfy the requirements of a written demand for payment.

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Any written demand for payment should be mailed or delivered to Cliffs at 1100 Superior Avenue, Cleveland, Ohio 44114-2544. Because the written demand must be delivered to Cliffs within the ten-day period following the Cliffs special meeting, Cliffs recommends that a dissenting shareholder use certified or registered mail, return receipt requested, to confirm that he, she or it has made timely delivery.

Cliffs will send to the dissenting shareholder, at the address specified in his, her or its written demand, a request for the certificate(s) representing the shares as to which the dissenting shareholder seeks relief. Within 15 days from the date of the sending of such request by Cliffs, the dissenting shareholder must deliver to Cliffs the certificate(s) requested so that Cliffs may endorse on them a legend to the effect that demand for the fair cash value of such shares has been made. Cliffs will then return the endorsed certificate(s) to the dissenting shareholder. Failure to deliver the certificate(s) within 15 days of the request from Cliffs will terminate the shareholder s rights as a dissenting shareholder, at the option of Cliffs, exercised by written notice sent to the dissenting shareholder within 20 days after the lapse of the 15-day period (unless a court otherwise directs for good cause shown). If a dissenting shareholder is a record holder of uncertificated shares of Cliffs, Cliffs will make an appropriate notation of the demand for payment in the dissenting shareholder s records.

If the dissenting shareholder and Cliffs cannot agree on the fair cash value per share of the shares of Cliffs, the dissenting shareholder or Cliffs may, within three months after the service of the written demand by the dissenting shareholder, file a complaint in the Court of Common Pleas of Cuyahoga County, Ohio. If the court finds that the dissenting shareholder is entitled to be paid the fair cash value of any shares, the court may appoint one or more persons as appraisers to receive evidence and to recommend a decision on the amount of the fair cash value.

The fair cash value of a share of Cliffs to which a dissenting shareholder is entitled under Section 1701.85 of the Ohio General Corporation Law will be determined as of the day prior to the Cliffs special meeting. The fair cash value of a share of Cliffs will be computed as the amount that a willing seller who is under no compulsion to sell would be willing to accept and that a willing buyer who is under no compulsion to purchase would be willing to pay, excluding any appreciation or depreciation in market value resulting from the issuance of the Cliffs common shares in connection with the merger. Notwithstanding the foregoing, the fair cash value of a share may not exceed the amount specified in the dissenting shareholder s written demand. The court will make a finding as to the fair cash value of a share and render judgment against Cliffs for the payment of it, with interest at a rate and from a date as the court considers equitable. The court will assess or apportion the costs of the proceeding (including reasonable compensation to the appraisers to be fixed by the court) as it considers equitable.

The rights of any dissenting shareholder will terminate if:

- the dissenting shareholder has not complied with Section 1701.85 of the Ohio General Corporation Law, unless Cliffs, by its board of directors, waives this failure (however, pursuant to the terms of the merger agreement, Cliffs agreed not to waive, without Alpha s consent, any failure of a dissenting shareholder to comply with Section 1701.85 of the Ohio General Corporation Law);

- Cliffs abandons or is finally enjoined or prevented from carrying out the transactions contemplated by the merger agreement, or the shareholders of Cliffs rescind their adoption of the merger agreement and approval of the issuance of the Cliffs common shares;

- the dissenting shareholder withdraws his, her or its written demand, with the consent of Cliffs, by its board of directors; or

Cliffs and the dissenting shareholder have not agreed upon the fair cash value per share of the Cliffs shares and neither the dissenting shareholder nor Cliffs has timely filed or joined in a complaint in an appropriate court.

When a dissenting shareholder exercises his, her or its rights under Section 1701.85 of the Ohio General Corporation Law, all other rights accruing from his, her or its Cliffs shares, including voting and dividend or distribution rights, will be suspended until Cliffs purchases the shares or the right to receive fair cash value is otherwise terminated.

Because a proxy card which does not contain voting instructions regarding the proposal to adopt the merger agreement and approve the issuance of Cliffs common shares in the merger will be voted for the adoption of the

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merger agreement and the approval of the issuance of Cliffs common shares in the merger, a Cliffs shareholder who wishes to exercise dissenters rights must either: (1) not sign and return the proxy card or otherwise vote at the Cliffs special meeting, or (2) vote against or abstain from voting on the adoption of the merger agreement and approval of the issuance of Cliffs common shares in the merger.

Conditions to Completion of the Merger

Completion of the merger depends on a number of conditions being satisfied or waived. These conditions include the following:

adoption of the merger agreement by the Alpha stockholders at the Alpha special meeting;

adoption of the merger agreement and approval of the issuance of Cliffs common shares pursuant to the terms of the merger agreement by the Cliffs shareholders at the Cliffs special meeting;

the waiting period (including any extension thereof) applicable to the consummation of the merger under the HSR Act must have expired or been terminated, and antitrust clearance in Turkey must have been obtained;

making or obtaining consents, approvals, and actions of, filings with and notices to, the governmental entities required to consummate the merger and the other transactions contemplated by the merger agreement, the failure of which to be made or obtained is reasonably expected to have or result in a material adverse effect on Cliffs or Alpha;

absence of any order or law of any governmental authority preventing the consummation of the merger;

approval for listing of Cliffs common shares to be issued in the merger on the NYSE upon official notice of issuance;

continued effectiveness of the registration statement of which this joint proxy statement/prospectus is a part and the absence of any stop order or proceeding seeking a stop order by the SEC suspending the effectiveness of the registration statement;

accuracy of each party s representations and warranties in the merger agreement, except as would not reasonably be expected to have or result in a material adverse effect on the party making the representations;

performance in all material respects of each party s covenants set forth in the merger agreement required to be performed by it at or prior to the closing date of the merger; and

delivery by both parties of customary officer s certificates and tax opinions.

Regulatory Approvals Required for the Merger

The completion of the merger is subject to compliance with the HSR Act. The notifications required under the HSR Act to the FTC and the Antitrust Division were filed on July 25, 2008. On August 22, 2008, the FTC granted an early termination of the waiting period under the HSR Act without the imposition of any conditions or restrictions on the consummation of the merger.

In addition, Cliffs and Alpha were required to submit a pre-merger notification in Turkey and obtain antitrust clearance from the Turkish Competition Authority. The pre-merger notification in Turkey was submitted on

August 19, 2008, and the antitrust clearance was granted by the Turkish Competition Authority effective as of September 11, 2008.

See The Merger Agreement Conditions to Completion of the Merger beginning on page 110.

Cliffs Dividend Policy

The Cliffs board of directors approves all dividend recommendations.

Under the merger agreement, Cliffs has agreed that, prior to the effective time of the merger, it will not declare, set aside or pay any dividends on, or make any other distributions in respect of, any of its capital stock, other than dividends and distributions by a direct or indirect wholly-owned subsidiary of Cliffs to its parent and other than regular quarterly cash dividends with respect to Cliffs common shares not in excess of $0.25 per share and Series A-2 preferred stock in accordance with the terms thereof.

Financing of the Merger

In connection with the signing of the merger agreement, Cliffs entered into a financing commitment letter with J.P. Morgan and JPMCB. J.P. Morgan intends to syndicate this facility to a group of lenders identified by it in consultation with Cliffs, which lenders (including JPMCB) are referred to collectively as the financing parties. This financing commitment letter contemplates a senior unsecured term loan A facility for up to $1.9 billion. Cliffs intends to use the proceeds of this facility to finance the cash portion of the merger consideration, refinance indebtedness of Alpha, and pay all fees, expenses and other amounts contemplated to be paid by Cliffs or its affiliates under the merger agreement. Cliffs obligation to complete the merger is not subject to any financing contingency.

The obligations of the financing parties to make available the facility is subject to the satisfaction of a number of conditions including, without limitation: absence since December 31, 2007 of any material adverse change or material adverse effect relating to Alpha; J.P. Morgan s and JPMCB s satisfaction that prior to and during the syndication of the facility there shall be no competing offering, placement or arrangement of any debt securities or bank financing (subject to certain exceptions); Cliffs using commercially reasonable efforts to solicit a proposed amendment to its existing revolving and term credit facility pursuant to which the applicable margins and pricing methodology under the existing facility are conformed to the applicable margins and pricing methodology in the definitive financing documentation for this new facility to finance the cash portion of the merger consideration; the negotiation, execution and delivery on or before November 15, 2008 of definitive financing documentation from the facility satisfactory to JPMCB and its counsel; the consummation of the merger and the funding of the facility on or before January 15, 2009 (or April 15, 2009 in certain circumstances); Cliffs or Alpha having tendered to repurchase 100% of the outstanding 2.375% Convertible Senior Notes due 2015 of Alpha; the leverage ratio (giving pro forma effect to the merger) on the closing date of the merger not exceeding the applicable leverage requirement as of the then most recently ended fiscal quarter or fiscal year (as applicable) prior to the closing date of the merger in respect of which Cliffs has delivered its quarterly or annual financial statements to the lenders under the existing revolving and term credit facility; and certain other customary closing conditions, including, without limitation, delivery of customary legal opinions and officers certifications, receipt of ratings from ratings agencies, and the payment of fees and expenses.

Certain direct and indirect U.S. subsidiaries of Cliffs will guarantee the obligations under the facility. The facility will also include other covenants and restrictions customary for senior unsecured credit facilities. Cliffs will be required to indemnify and hold harmless J.P. Morgan and each financing party and their respective affiliates and their partners, directors, officers, employees, agents and advisors from and against all losses, claims, damages, liabilities, and expenses arising out of or relating to the facility, Cliffs use of loan proceeds or the commitments, except to the extent any such loss, liability, claim, damage or expense is found to have resulted from such indemnified party s gross negligence or willful misconduct.

Accounting Treatment

The merger will be accounted for as a business combination using the purchase method of accounting. Cliffs will be the acquirer for financial accounting purposes.

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of the material United States federal income tax consequences of the merger to U.S. holders of Cliffs common shares or Alpha common stock who hold their stock as a capital asset. The summary is based on the Code, the Treasury regulations issued under the Code, and administrative rulings and court decisions in effect as of the date of this joint proxy statement/prospectus, all of which are subject to change at any time, possibly with retroactive effect.

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For purposes of this discussion, the term U.S. holder means:

- a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States or any of its political subdivisions;
- a trust that (i) is subject to the supervision of a court within the United States and the control of one or more United States persons or (ii) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person; or
- an estate that is subject to United States federal income tax on its income regardless of its source.

If a partnership holds Cliffs common shares or Alpha common stock, the tax treatment of a partner will generally depend on the status of the partners and the activities of the partnership. If a U.S. holder is a partner in a partnership holding Cliffs common shares or Alpha common stock, the U.S. holder should consult its tax advisors.

This summary is not a complete description of all the tax consequences of the merger and, in particular, may not address United States federal income tax considerations applicable to holders of Cliffs common shares or Alpha common stock who are subject to special treatment under United States federal income tax law (including, for example, non-United States persons, financial institutions, dealers in securities, insurance companies or tax-exempt entities, holders who acquired Cliffs common shares or Alpha common stock pursuant to the exercise of an employee stock option or right or otherwise as compensation, and holders who hold Cliffs common shares or Alpha common stock as part of a hedge, straddle or conversion transaction). This summary does not address the tax consequences of any transaction other than the merger. This summary does not address the tax consequences to any person who actually or constructively owns 5% or more of Cliffs common shares or Alpha common stock. Also, this summary does not address United States federal income tax considerations applicable to holders of options or warrants to purchase Cliffs common shares or Alpha common stock, or holders of debt instruments convertible into Cliffs common shares or Alpha common stock. In addition, no information is provided with respect to the tax consequences of the merger under applicable state, local or non-United States laws.

The obligations of Cliffs and Alpha to consummate the merger as currently anticipated are conditioned on the receipt of opinions of their respective tax counsel, Jones Day (as to Cliffs) and Cleary Gottlieb (as to Alpha), dated the effective date of the merger, each referred to as a tax opinion, to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code and that Alpha and Cliffs will each be a party to the reorganization within the meaning of Section 368(b) of the Code. Each of the tax opinions will be subject to customary qualifications and assumptions, including the assumption that the merger will be completed according to the terms of the merger agreement. In rendering the tax opinions, each counsel may rely upon representations and covenants, including those contained in certificates of officers of Cliffs and Alpha. Although the merger agreement allows each of Cliffs and Alpha to waive this condition to closing, neither Cliffs nor Alpha currently anticipates doing so.

Neither the tax opinions nor the discussion that follows is binding on the Internal Revenue Service, referred to as the IRS, or the courts. In addition, the parties do not intend to request a ruling from the IRS with respect to the merger. Accordingly, there can be no assurance that the IRS will not challenge the conclusion expressed in the tax opinions or the discussion below, or that a court will not sustain such a challenge.

Federal income tax consequences to Cliffs shareholders who do not hold any Alpha common stock

Because holders of Cliffs common shares will retain their common shares in the merger, holders of Cliffs common shares will not recognize gain or loss upon the merger.

Federal income tax consequences to Alpha stockholders if the merger is consummated as currently anticipated

The following discussion assumes that the exchange of Alpha common stock for Cliffs common shares pursuant to the merger will constitute a reorganization within the meaning of Section 368(a) of the Code.

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A holder of Alpha common stock who receives cash and Cliffs common shares in the merger generally will recognize gain equal to the lesser of (i) the excess of the sum of the fair market value of the Cliffs common shares received by the holder in exchange for Alpha common stock and the amount of cash received by the holder (including any cash received in lieu of fractional shares) in exchange for Alpha common stock over the holder s tax basis in the Alpha common stock and (ii) the amount of cash received by the holder in exchange for Alpha common stock (excluding any cash received in lieu of fractional shares). No loss will be recognized by holders of Alpha common stock in the merger, except, possibly, in connection with the receipt of cash in lieu of fractional shares, as discussed below. Any gain recognized by a holder of Alpha common stock generally will be long-term capital gain if the holder s holding period of the Alpha common stock is more than one year. Capital gains of individuals derived in respect of capital assets held for more than one year are eligible for reduced rates of taxation. The aggregate tax basis of the Cliffs common shares received (including fractional shares deemed received and redeemed as described below) will be equal to the aggregate tax basis of the Alpha common stock surrendered, reduced by the amount of cash the holder of Alpha common stock received (excluding any cash received in lieu of fractional shares), and increased by the amount of gain that the holder of Alpha common stock recognizes, but excluding any gain or loss from the deemed receipt and redemption of fractional shares described below. The holding period of Cliffs common shares received by a holder of Alpha common stock in the merger will include the holding period of the holder s Alpha common stock.

Cash received by a holder of Alpha common stock in lieu of fractional shares will generally be treated as if the holder received the fractional shares in the merger and then received the cash in redemption of the fractional shares. The holder should generally recognize capital gain or loss equal to the difference between the amount of the cash received in lieu of fractional shares and the portion of the holder s tax basis allocable to the fractional shares.

Backup withholding

Backup withholding may apply with respect to the consideration received by a holder of Alpha common stock in the merger unless the holder:

- is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact; or

- provides a correct taxpayer identification number, certifies as to no loss of exemption from backup withholding and that such holder is a U.S. person (including a U.S. resident alien) and otherwise complies with applicable requirements of the backup withholding rules.

A holder of Alpha common stock who does not provide Cliffs (or the exchange agent) with its correct taxpayer identification number may be subject to penalties imposed by the IRS. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the holder s federal income tax liability, provided that the holder timely furnishes certain required information to the IRS.

Reporting requirements

U.S. holders of Alpha common stock receiving Cliffs common shares in the merger will be required to retain records pertaining to the merger. U.S. holders who owned at least five percent (by vote or value) of the total outstanding Alpha common stock before the merger or whose tax basis in the Alpha common stock surrendered pursuant to the merger equals or exceeds USD 1 million are subject to certain requirements with respect to the merger. U.S. holders are urged to consult with their tax advisors with respect to these and other reporting requirements applicable to the merger.

THE FOREGOING DISCUSSION OF UNITED STATES FEDERAL INCOME TAX CONSEQUENCES IS FOR GENERAL INFORMATION PURPOSES ONLY AND IS NOT INTENDED TO CONSTITUTE A COMPLETE DESCRIPTION OF ALL TAX CONSEQUENCES RELATING TO THE MERGER. TAX MATTERS ARE VERY COMPLICATED, AND THE TAX CONSEQUENCES OF THE MERGER TO YOU WILL DEPEND UPON THE FACTS OF YOUR PARTICULAR SITUATION. BECAUSE INDIVIDUAL CIRCUMSTANCES MAY DIFFER, WE URGE YOU TO CONSULT WITH YOUR TAX ADVISOR REGARDING THE APPLICABILITY TO YOU OF THE RULES DISCUSSED ABOVE AND THE PARTICULAR TAX EFFECTS TO YOU OF THE MERGER, INCLUDING THE APPLICATION OF STATE, LOCAL AND FOREIGN TAX LAWS.

THE MERGER AGREEMENT

The following is a summary of certain material provisions of the merger agreement, a copy of which is attached as Annex A to this joint proxy statement/prospectus and is incorporated into this joint proxy statement/prospectus by reference. We urge you to read carefully this entire joint proxy statement/prospectus, including the annexes and the other documents to which we have referred you. You should also review the section titled Where You Can Find More Information beginning on page 239.

The merger agreement has been included for your convenience to provide you with information regarding its terms, and we recommend that you read it in its entirety. Except for its status as the contractual document that establishes and governs the legal relations between Cliffs and Alpha with respect to the merger, we do not intend for the merger agreement to be a source of factual, business or operational information about either Cliffs or Alpha. The merger agreement contains representations and warranties that Cliffs and Alpha have made to each other. Those representations and warranties are qualified in several important respects, which you should consider as you read them in the merger agreement.

First, except for the parties themselves, under the terms of the merger agreement, only certain other specifically identified persons are third party beneficiaries of the merger agreement who may enforce it and rely on its terms. As shareholders, you are not third party beneficiaries of the merger agreement and therefore may not enforce or rely upon its terms and conditions.

Second, the representations and warranties are qualified in their entirety by certain information each of Cliffs and Alpha filed with the SEC prior to the date of the merger agreement, as well as by a confidential disclosure letter that each of Cliffs and Alpha prepared and delivered to the other immediately prior to signing the merger agreement.

Third, certain of the representations and warranties made by Cliffs and merger sub, on the one hand, and Alpha, on the other hand, were made as of a specified date, may be subject to a contractual standard of materiality different from what might be viewed as material to shareholders, and may have been used for the purpose of allocating risk between the parties to the merger agreement rather than as establishing matters as facts.

Fourth, none of the representations or warranties will survive the closing of the merger and they will therefore have no legal effect under the merger agreement after the closing. The parties will not be able to assert the inaccuracy of the representations and warranties as a basis for refusing to close unless all such inaccuracies as a whole would reasonably be expected to have or result in, individually or in the aggregate, a material adverse effect on the party that made the representations and warranties, except for certain limited representations and warranties that must be true and correct in all respects. Otherwise, for purposes of the merger agreement, the representations and warranties will be deemed to have been sufficiently accurate to require a closing.

For the foregoing reasons, you should not rely on the representations and warranties as statements of factual information. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the merger agreement, and subsequently developed or new information qualifying a representation or warranty may have been included in a filing with the SEC made since the date of the merger agreement (including in this joint proxy statement/prospectus).

The Merger; Closing

Upon the terms and subject to the conditions of the merger agreement, and in accordance with Delaware law, at the effective time of the merger, merger sub will merge with and into Alpha. The separate corporate existence of merger sub will cease.

However, at the election of Cliffs or Alpha, if in their reasonable good faith opinion, such action is necessary to preserve the tax consequences outlined in the merger agreement, Cliffs, merger sub and Alpha will cooperate to (i) convert merger sub into a limited liability company prior to the effective time of the merger, and, possibly, (ii) restructure the merger so that Alpha shall be merged with and into merger sub, with merger sub continuing as the surviving corporation, provided, that neither Cliffs or merger sub nor Alpha will be deemed to have breached any of their respective representations, warranties, covenants or agreements set forth in the merger agreement by reason of such election.

If the merger is restructured as described in the immediately preceding paragraph, the merger will have the effects described in Annex G. However, any such restructuring will not affect the merger consideration to be received by holders of Alpha common stock.

The closing of the merger will occur at a date and time agreed by the parties, but no later than the second business day following the date on which all of the conditions to the merger, other than conditions that, by their terms, cannot be satisfied until the closing date (but subject to satisfaction of such conditions) have been satisfied or waived, unless the parties agree on another time. Cliffs and Alpha expect to complete the merger prior to the end of 2008. However, they cannot assure you that such timing will occur or that the merger will be completed as expected.

As soon as practicable on or after the closing date of the merger, merger sub or Alpha will file a certificate of merger with the Secretary of State of the State of Delaware. The effective time of the merger will be the time merger sub or Alpha files the certificate of merger or at a later time upon which Cliffs and Alpha may agree and specify in the certificate of merger.

Directors and Officers of the Surviving Company

The directors of merger sub immediately prior to the effective time of the merger will be the directors of the surviving company until the earlier of their death, resignation or removal or until their respective successors are duly elected and qualified, as the case may be. The officers of Alpha immediately prior to the effective time of the merger will be the officers of the surviving company until the earlier of their death, resignation or removal or until their respective successors are duly elected and qualified, as the case may be.

Cliffs Board of Directors; Certain Officers

As of the effective time of the merger, the board of directors of Cliffs will take all actions as may be required to appoint to vacancies or newly-created seats on such board of directors, the following persons: Michael J. Quillen (to serve as non-executive vice-chairman) and Glenn A. Eisenberg. Mr. Quillen and Mr. Eisenberg will serve until their respective successors have been duly elected and qualified or until the earlier of their death, resignation or removal in accordance with the amended articles of incorporation and regulations of Cliffs and applicable law. Cliffs and Alpha have agreed that at least one of these designated directors will meet the independence standards of the listing standards of the NYSE. Notwithstanding the foregoing, if, prior to the effective time of the merger, either designee declines or is unable to serve, Cliffs and Alpha will agree on mutually acceptable replacement designees.

As of the effective time of the merger agreement, Cliffs will take all actions as may be required to appoint Kevin S. Crutchfield as president of the coal division of Cliffs.

Certificate of Incorporation and By-laws of the Surviving Company

The restated certificate of incorporation of Alpha will be amended to read in its entirety as the certificate of incorporation of merger sub as in effect immediately prior to the completion of the merger, and, as so amended, will be the certificate of incorporation of the surviving company until changed or amended. The by-laws of merger sub, as in effect immediately prior to the completion of the merger, will be the by-laws of the surviving company until changed or amended.

Merger Consideration

Upon the effectiveness of the merger, each share of Alpha common stock (other than shares held by any dissenting Alpha stockholder that has properly exercised appraisal rights in accordance with Delaware law as described above, shares held in treasury by Alpha or shares owned by Cliffs) will be converted into the right to receive from Cliffs the merger consideration, consisting of the following:

- $22.23 in cash, without interest; and

- 0.95 of a validly issued, fully paid, nonassessable common share of Cliffs.

Upon completion of the merger, each share of Alpha common stock held by Cliffs, Alpha or any direct or indirect majority-owned subsidiary of Cliffs or Alpha immediately prior to the effective time of the merger will be automatically cancelled and extinguished, and none of Cliffs, Alpha or any of their respective direct or indirect majority owned subsidiaries will receive any consideration in exchange for those shares.

Fractional Shares

No fractional Cliffs common shares will be issued in the merger. Instead, holders of Alpha common stock who would otherwise be entitled to receive a fractional common share of Cliffs will receive an amount in cash (rounded up to the nearest whole cent and without interest) determined by multiplying the fractional share interest by the closing price for a common share of Cliffs as reported on the NYSE Composite Transactions Reports (as reported in The Wall Street Journal, or, if not reported therein, any other authoritative sources) on the closing date of the merger, or if such date is not a trading day, the trading day immediately preceding the closing.

Appraisal Rights

Shares of Alpha common stock held by any Alpha stockholder who properly demands payment for his, her or its shares in compliance with the appraisal rights under Section 262 of the DGCL will not be converted into the right to receive the merger consideration. Alpha stockholders properly exercising appraisal rights will be entitled to payment as further described above under The Merger Appraisal Rights of Alpha Stockholders beginning on page 88. However, if any Alpha stockholder withdraws his, her or its demand for appraisal (in accordance with Section 262 of the DGCL) or becomes ineligible for appraisal, then the shares of Alpha common stock held by that Alpha stockholder will be converted as of the effective time of the merger into and represent the right to receive the merger consideration, without interest, in accordance with the merger agreement.

Exchange Procedures

Prior to the effective time of the merger, Cliffs will enter into an agreement with an exchange agent for the merger to handle the exchange of shares of Alpha common stock for the merger consideration, including the payment of cash for fractional shares. As of the effective time of the merger, Cliffs will deposit with the exchange agent, for the benefit of the holders of Alpha common stock, immediately available funds sufficient to pay the aggregate cash consideration and certificates representing Cliffs common shares issuable in the merger in exchange for outstanding shares of Alpha common stock, including any cash to be paid in lieu of fractional shares or in respect of any dividends or distributions on common shares of Cliffs with a record date after the effective time of the merger.

At the effective time of the merger, each certificate representing shares of Alpha common stock that has not been surrendered will represent only the right to receive upon surrender of that certificate the merger consideration, dividends and other distributions on common shares of Cliffs with a record date after the effective time of the merger, dividends and other distributions on shares of Alpha common stock with a record date prior to the effective time of the merger that remain unpaid as of the effective time of the merger, and cash, without interest, in lieu of fractional shares. Following the effective time of the merger, no further registrations of transfers on the stock transfer books of the surviving company of the shares of Alpha common stock will be made. If, after the effective time of the merger, Alpha stock certificates are presented to Cliffs, the surviving company or the exchange agent for any reason, they will be cancelled and exchanged as described above.

Exchange of Shares

As soon as reasonably practicable after the effective time of the merger, and in any event within 5 business days thereafter, Cliffs will cause the exchange agent to mail to each holder of record of an Alpha stock certificate or book-entry share whose shares of Alpha common stock were converted into the right to receive the merger consideration, a letter of transmittal and instructions explaining how to surrender Alpha stock certificates or book-entry shares in exchange for the merger consideration.

After the effective time of the merger, and upon surrender of an Alpha stock certificate or book-entry share to the exchange agent, together with a letter of transmittal, duly executed, and other documents as may reasonably be required by the exchange agent, the holder of the Alpha stock certificate or book-entry share will be entitled to receive the merger consideration in the form of (i) a certificate share representing that number of whole common shares of Cliffs that such holder has the right to receive pursuant to the merger agreement and (ii) a check for the full amount of cash that such holder has the right to receive pursuant to the provisions of the merger agreement, including the cash consideration, cash in lieu of fractional shares, and dividends and other distributions on common shares of Cliffs with a record date after the effective time of the merger and the Alpha stock certificates surrendered will be cancelled. No interest will be paid or will accrue on any merger consideration payable under the merger agreement.

Lost Stock Certificates

If any stock certificate has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the stock certificate to be lost, stolen or destroyed and, if required by Cliffs or the surviving company, as the case may be, the posting by such person of a bond in a reasonable amount as Cliffs or the surviving company, as the case may be, may direct as indemnity against any claim that may be made against it with respect to the stock certificate, the exchange agent will issue, in exchange for such lost, stolen or destroyed stock certificate, the merger consideration, dividends and other distributions on common shares of Cliffs with a record date after the effective time of the merger, and cash, without interest, in lieu of fractional shares.

Alpha stock certificates should not be returned with the enclosed proxy card(s). Alpha stock certificates should be returned with a validly executed transmittal letter and accompanying instructions that will be provided to Alpha stockholders following the effective time of the merger.

Termination of Exchange Fund

Twelve months after the effective time of the merger, Cliffs may require the exchange agent to deliver to Cliffs all cash and common shares of Cliffs remaining in the exchange fund. Thereafter, Alpha stockholders must look only to Cliffs for payment of the merger consideration on their shares of Alpha common stock.

Representations and Warranties

The merger agreement contains representations and warranties made by each party to the other, which are subject, in some cases, to specified exceptions and qualifications, including exceptions and qualifications that would not have a material adverse effect on Alpha or Cliffs, as applicable. These representations and warranties relate to, among other things:

- due organization, good standing and the requisite corporate power and authority to carry on their respective businesses;
- ownership of subsidiaries;
- capital structure and equity securities;
- corporate power and authority to enter into the merger agreement and due execution, delivery and enforceability of the merger agreement;
- board of directors approval;
- absence of conflicts with charter documents, breaches of contracts and agreements, liens upon assets and violations of applicable law resulting from the execution and delivery of the merger agreement and consummation of the transactions contemplated by the merger agreement;

absence of required governmental or other third party consents in connection with execution and delivery of the merger agreement and consummation of the transactions contemplated by the merger agreement other than governmental filings specified in the merger agreement;

timely filing of required documents with the SEC, compliance with the requirements of the Securities Act of 1933, which is referred to as the Securities Act, and the Exchange Act and the absence of untrue statements of material facts or omissions of material facts in those documents;

- compliance of financial statements as to form with applicable accounting requirements and SEC rules and regulations and preparation in accordance with U.S. generally accepted accounting principles;
- absence of misleading information contained or incorporated into this joint proxy statement/prospectus or the registration statement of which this joint proxy statement/prospectus forms a part;
- absence of specified changes or events and conduct of business in the ordinary course since December 31, 2007;
- compliance with applicable laws and holding of all necessary permits;
- absence of proceedings before any governmental entity;
- employee benefits matters and ERISA compliance;
- tax matters;
- environmental matters and compliance with environmental laws;
- the affirmative vote required by Alpha stockholders to adopt the merger agreement and the affirmative vote required by Cliffs shareholders to adopt the merger agreement and approve the issuance of Cliffs common shares;
- real property and assets;
- intellectual property;
- labor agreements and employee benefits issues;
- certain material contracts;
- insurance;
- interested party transactions;
- receipt of a fairness opinion from each company s financial advisors; and
- brokers or finders fees.

Cliffs and merger sub made additional representations and warranties to Alpha in the merger agreement, including the availability of funds sufficient to pay the cash portion of the merger consideration and all other cash amounts to be paid pursuant to the merger agreement.

Alpha also made additional representations and warranties to Cliffs, including the non-applicability of anti-takeover laws to the merger.

For purposes of the merger agreement, a material adverse effect on Cliffs or Alpha means:

any event, circumstance, change, occurrence or state of facts that has a material adverse effect on the business, financial condition or results of operations of such party and its subsidiaries, taken as a whole, other than events, circumstances, changes, occurrences or any state of facts relating to:

changes in industries relating to such party and its subsidiaries in general, other than the effects of any such changes which adversely affect such party and its subsidiaries to a materially greater extent than their competitors in the applicable industries in which such party and its subsidiaries compete;

general legal, regulatory, political, business, economic, financial or securities market conditions in the United States or elsewhere, other than the effects of any such changes which adversely affect such party and its subsidiaries to a materially greater extent than its competitors in the applicable industries in which such party and its subsidiaries compete;

the execution or the announcement of the merger agreement, the undertaking and performance of the obligations contemplated by the merger agreement or the consummation of the transactions contemplated by the merger agreement, including the impact thereof on relationships with customers, suppliers,

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distributors, partners or employees, or any litigation arising in relation to the merger agreement or the transactions contemplated by the merger agreement;

acts of war, insurrection, sabotage or terrorism (or the escalation of the foregoing);

changes in U.S. generally accepted accounting principles or the accounting rules or regulations of the SEC; and

the fact, in and of itself (and not the underlying causes thereof), that such party or any of its subsidiaries failed to meet any projections, forecasts or revenue or earnings predictions; and

any event, circumstance, change, occurrence or state of facts that prevent or materially delay the ability of such party to consummate the transactions contemplated by the merger agreement.

The representations and warranties contained in the merger agreement will not survive the consummation of the merger, but they form the basis of specified conditions to the parties obligations to complete the merger.

Covenants and Agreements

Operating Covenants

Alpha has agreed that prior to the effective time of the merger it and its subsidiaries will carry on their businesses in the ordinary course. With specified exceptions, Alpha has agreed, among other things, not to, and not to permit its subsidiaries to:

declare, set aside or pay any dividends on, or make any other distributions in respect of, any of its capital stock;

split, combine or reclassify any of its capital stock;

except as required in Alpha s stock plans, purchase, redeem or otherwise acquire any shares of its or its subsidiaries capital stock or any other securities of Alpha or any of its subsidiaries or any rights, warrants or options to acquire any of those shares or other securities;

issue or authorize the issuance of, deliver, sell or encumber any shares of its capital stock, any other voting securities or any securities convertible into, or any rights, warrants or options to acquire, any such shares, voting securities or convertible securities;

amend its certificate of incorporation or by-laws;

merge or consolidate with any person other than another Alpha entity;

encumber or dispose of any of its properties or assets, other than dispositions of inventory or equipment in the ordinary course of business consistent with past practice;

enter into commitments for capital expenditures involving (i) in the case of capital expenditures in respect of individual items of equipment more than $5 million individually or (ii) more than $50 million in the aggregate;

other than in the ordinary course of business consistent with past practice, incur any indebtedness;

take certain other actions with respect to employee benefit plans, compensation arrangements and collective bargaining agreements;

change the accounting principles used by it;

make acquisitions for consideration in excess of $50 million in the aggregate;

make, change or rescind any express or deemed election with respect to taxes, settle or compromise any claim or action relating to taxes, or change any of its methods of accounting or of reporting income or deductions for tax purposes;

satisfy claims or liabilities other than satisfaction in the ordinary course of business consistent with past practice, in accordance with their terms or in amounts not to exceed $5 million in 2008 and $2 million in 2009;

make any loans, advances (other than advances to contract miners in excess of $10 million in the aggregate) or capital contributions to, or investments in, any other person in excess of $10 million in the aggregate;

modify, amend or terminate any material contract, other than in the ordinary course of business consistent with past practice;

waive, release, relinquish or assign any material right or claim under a material contract or cancel or forgive any indebtedness owed to Alpha or any of its subsidiaries in excess of $2 million in the aggregate;

take any action to exempt any person (other than Cliffs and its subsidiaries) or any action taken thereby, except to the extent necessary to take any actions that Alpha or any third party would otherwise be permitted to take pursuant to the provisions of the merger agreement governing Alpha s non-solicitation obligations, from the provisions of Section 203 of the DGCL or any other state takeover law; or

authorize, or commit or agree to take, any of the foregoing actions.

Cliffs has agreed that, prior to the effective time of the merger, it and its subsidiaries will carry on their businesses in the ordinary course consistent with past practice and, to the extent consistent therewith, use reasonable best efforts to preserve intact their current business organizations, keep available the services of their current officers and other key employees and preserve their relationships with customers, suppliers, distributors and other persons having business dealings with them. Merger sub has agreed that prior to the effective time of the merger, it will not engage in any activities of any nature except as contemplated in the merger agreement. With specified exceptions set forth in the merger agreement, Cliffs has agreed, among other things, not to, and not to permit its subsidiaries to:

declare, set aside or pay any dividends on, or make any other distributions in respect of, any of its capital stock, except, among other things, for quarterly cash dividends with respect to (i) Cliffs common shares not in excess of $0.25 per common share of Cliffs and (b) the Series A-2 preferred stock in accordance with the terms thereof;

split, combine or reclassify any of its capital stock;

purchase, redeem or otherwise acquire any shares of capital stock of Cliffs or any of its subsidiaries or any other securities of Cliffs or any of its subsidiaries or any rights, warrants or options to acquire any of those shares or other securities, except pursuant to agreements entered into with respect to Cliffs stock plans that are in effect as of the close of business on the date of the merger agreement;

issue or authorize the issuance of, deliver, sell, or encumber any shares of its capital stock, or any other securities in respect of, in lieu of, or in substitution for, shares of its capital stock, any other voting securities or any securities convertible into, or any rights, warrants or options to acquire, any of such shares, voting securities or convertible securities;

amend its organizational documents;

merge or consolidate with any person;

incur any long-term indebtedness or incur short-term indebtedness, other than (1) up to $10 million of short-term indebtedness under lines of credit existing on the date of the merger agreement or (2) indebtedness incurred pursuant to the terms of Cliffs financings of the cash portion of the merger consideration;

change the accounting principles used by it;

make, change or rescind any express or deemed election with respect to taxes, settle or compromise any claim or action relating to taxes, or change any of its methods of accounting or of reporting income or deductions for tax purposes;

satisfy any claims or liabilities, other than in the ordinary course of business consistent with past practice or in accordance with their terms or in an amount not to exceed $5 million in the aggregate;

make any loans, advances or capital contributions to, or investments in, any other person, except for loans, advances, capital contributions or investments between any wholly-owned Cliffs subsidiary and Cliffs or another wholly-owned Cliffs subsidiary and except for employee advances for expenses in the ordinary course of business consistent with past practice; or

authorize, or commit or agree to take, any of the foregoing actions.

No Solicitation by Alpha

Alpha has agreed, and agreed to cause its officers, directors, employees and representatives, other than in the case of officers, directors and employees, in their capacity as such, to cease all then existing activities with any parties with respect to or that could reasonably be expected to lead to a company takeover proposal. A company takeover proposal means any inquiry, proposal or offer from any person (other than Cliffs or its affiliates) relating to any:

direct or indirect acquisition or purchase of a business that constitutes 25% or more of the net revenues, net income or the assets of Alpha and its subsidiaries, taken as a whole;

direct or indirect acquisition or purchase of 25% or more of any class of equity securities of Alpha;

tender offer or exchange offer that if consummated would result in any person beneficially owning 25% or more of any class of equity securities of Alpha; or

merger, consolidation, business combination, asset purchase, recapitalization or similar transaction involving Alpha, other than the transactions contemplated or permitted by the merger agreement.

In addition, Alpha has agreed that it will not, and will direct its officers, directors, employees, and representatives not to, directly or indirectly:

solicit, initiate or knowingly encourage (including by way of furnishing non-public information), or knowingly facilitate, any inquiries or the making of any proposal that constitutes, or would reasonably be expected to lead to, a company takeover proposal;

enter into any agreement relating to a company takeover proposal or enter into any agreement, arrangement or understanding requiring Alpha to abandon, terminate or fail to consummate the merger or any other transaction contemplated by the merger agreement; or

initiate or participate in any way in any discussions or negotiations regarding, or knowingly furnish or disclose to any person (other than to Cliffs) any non-public information with respect to, or take any other action to knowingly facilitate or knowingly further any inquiries or the making of any proposal that constitutes, or would reasonably be expected to lead to, any company takeover proposal.

Notwithstanding these restrictions, Alpha may, at any time prior to obtaining Alpha stockholder approval at the Alpha special meeting, in response to an unsolicited bona fide written company takeover proposal that the board of directors of Alpha determines in good faith (after consultation with its outside counsel and a financial advisor of nationally recognized reputation) constitutes or could reasonably be expected to lead to a superior proposal (as defined below), and which company takeover proposal was made after the date of the merger agreement and did not otherwise result from a breach of Alpha s non-solicitation obligations, if and only to the extent that the board of directors of Alpha determines in good faith (after consultation with outside legal counsel) that failure to do so could be reasonably likely to be a violation of its fiduciary duties to the Alpha stockholders under applicable law, and subject to compliance with its non-solicitation obligations set forth in the merger agreement:

furnish non-public information with respect to Alpha and its subsidiaries to the person making the company takeover proposal (and its representatives) pursuant to a customary confidentiality agreement not less restrictive of the person than the existing confidentiality agreement between Alpha and Cliffs, provided that all the information is, previously provided to Cliffs or is provided to Cliffs prior to or substantially concurrent with the time it is provided to such person; and participate in discussions or negotiations with the person making the company takeover proposal (and its representatives) regarding the company takeover proposal.

Superior proposal means any bona fide, written inquiry, proposal or offer from any person (other than Cliffs or its affiliates) relating to any:

direct or indirect acquisition or purchase of a business that constitutes 75% or more of the net revenues, net income or the assets of Alpha and its subsidiaries, taken as a whole;

direct or indirect acquisition or purchase of 75% or more of any class of equity securities of Alpha;

tender offer or exchange offer that if consummated would result in any person beneficially owning 75% or more of any class of equity securities of Alpha; or

merger, consolidation, business combination, asset purchase, recapitalization or similar transaction involving Alpha, other than the transactions contemplated or permitted by the merger agreement;

that the board of directors of Alpha determines in its good faith judgment (after consulting with outside counsel and a financial advisor of nationally recognized reputation), taking into account all legal, financial and regulatory and other aspects of the proposal (including any break-up fees, expense reimbursement provisions and conditions to consummation), the likelihood and timing of required governmental approvals and consummation and the ability of the person making the proposal to finance and pay the contemplated consideration, would be more favorable to the stockholders of Alpha than the transactions contemplated by the merger agreement (including any adjustment to the terms and conditions proposed by Cliffs in response to such superior proposal).

Alpha has agreed to promptly (but in any event within one calendar day) notify Cliffs in the event that Alpha receives, directly or indirectly, any company takeover proposal, or any request for non-public information relating to Alpha by any person that informs Alpha or its representatives that the person is considering making, or has made, a company takeover proposal, or any request for discussions or negotiations relating to a possible company takeover proposal. Alpha has also agreed to keep Cliffs reasonably informed, in all material respects, of the status and details (including amendments or proposed amendments) of any such request, company takeover proposal or inquiry.

Alpha Special Meeting and Board Recommendation

Alpha has agreed that Alpha s board of directors will convene and hold a meeting of Alpha stockholders, recommend that such stockholders adopt the merger agreement and use its reasonable best efforts to obtain such approval. Alpha has further agreed that neither Alpha s board of directors nor any committee of Alpha s board of directors will cause a company adverse recommendation change.

A company adverse recommendation change means that the Alpha board of directors decides to (i) withdraw, or publicly propose to withdraw (or, in either case, modify in a manner adverse to Cliffs), the approval recommendation or declaration of advisability by the board of directors of the merger agreement or (ii) recommend, adopt or approve, or propose publicly to recommend, adopt or approve, any company takeover proposal.

However, if prior to obtaining Alpha stockholder approval, Alpha s board of directors determines in good faith that failure to do so would be reasonably likely to be a violation of its fiduciary duties to its stockholders under applicable law, then Alpha may (1) terminate the merger agreement and cause Alpha to enter into an acquisition agreement with respect to a superior proposal or (2) make a company adverse recommendation change, provided that Alpha fulfills the following conditions:

Alpha must provide written notice advising Cliffs that the Alpha board of directors intends to take such action and specifying the reasons therefor, including, if applicable, the terms and conditions of any superior proposal that is the basis of the proposed action by the Alpha board of directors (and any amendment to the amount of consideration or any other material term of the superior proposal will require a new notice to Cliffs);

for 3 business days following Cliffs receipt of this written notice, Alpha must negotiate with Cliffs in good faith to make such adjustments to the terms and conditions of the merger as would enable Alpha to proceed with its recommendation of the merger agreement and the merger and not make such company adverse recommendation change or terminate the merger agreement in order to enter into an acquisition agreement with respect to a superior proposal; and

if applicable, at the end of such three-business day period, the Alpha board of directors must continue to believe that the company takeover proposal, if any, constitutes a superior proposal (after taking into account any adjustments to the terms and conditions of the merger agreement made pursuant to the negotiations described in the preceding bullet).

The merger agreement does not prohibit Alpha from taking and disclosing to its stockholders, in compliance with the rules and regulations of the Exchange Act, a position regarding any unsolicited tender offer for Alpha common stock or from making any other disclosure to Alpha stockholders if, in the good faith judgment of the Alpha board of directors, after consultation with outside counsel, failure to make such disclosure would reasonably be expected to violate its or Alpha s obligations under applicable law.

Cliffs Special Meeting and Board Recommendation

Cliffs has agreed that Cliffs board of directors will convene and hold a special meeting of Cliffs shareholders, recommend that such shareholders adopt the merger agreement and approve the issuance of Cliffs common shares in connection with the merger, and use its reasonable best efforts to obtain such approval. If, prior to obtaining Cliffs shareholder approval, the Cliffs board of directors determines in good faith that failure to withdraw or modify or publicly propose to withdraw or modify its recommendation of the adoption of the merger agreement and approval of the issuance of Cliffs common shares in connection with the merger would be reasonably likely to be a violation of its fiduciary duties to the shareholders of Cliffs under the Ohio General Corporation Law, Cliffs board of directors may take such action, provided that Cliffs provides written notice advising Alpha that the Cliffs board of directors intends to take such action and specifying the reasons therefor, and negotiates in good faith with Alpha to make such adjustments to the terms and conditions of the merger agreement as would enable Cliffs to proceed with its recommendation in favor of the transactions contemplated by the merger agreement.

Access to Information; Confidentiality

During the period prior to the effective time of the merger, Cliffs and Alpha will, and will cause each of their subsidiaries to, afford to the other party and its representatives reasonable access during normal business hours to all of their respective properties, books, contracts, commitments, personnel and records, except that neither party is required to provide the other with any information that it reasonably believes it cannot provide due to contractual or legal restrictions, or which it believes is competitively sensitive information. The information will be held in confidence to the extent required by the provisions of the confidentiality agreement between Cliffs and Alpha.

Cooperation; Regulatory, Antitrust and Other Required Approvals and Clearances

Cliffs and Alpha have each agreed to use their reasonable best efforts to cooperate and to take, or cause to be taken, all actions necessary, proper or advisable to consummate and make effective the merger and the other transactions contemplated by the merger agreement, in the most expeditious manner practicable. This includes:

obtaining all necessary actions or nonactions, waivers, clearances, consents and approvals from governmental entities and making all necessary registrations and filings and taking all reasonable steps as may be necessary to obtain an approval or waiver from, or to avoid an action or proceeding by, any governmental entity;

obtaining all necessary consents, approvals or waivers from third parties;

preventing the entry, enactment or promulgation of any injunction or order or law that could materially and adversely affect the ability of Cliffs and Alpha to consummate the transactions under the merger agreement;

seeking the lifting or rescission of any injunction or order or law that could materially and adversely affect the ability of the parties hereto to consummate the transactions under the merger agreement;

cooperating to defend against any proceeding or investigation relating to the merger agreement or the transactions contemplated thereby and to cooperate to defend against it and respond thereto;

executing and delivering any additional instruments necessary to complete the merger and the other transactions contemplated by the merger agreement and to fully carry out the purposes of the merger agreement;

using commercially reasonable efforts to arrange for Alpha s independent accountants to provide such comfort letters, consents and other services that are reasonably required in connection with Cliffs financings of the cash consideration; and

assisting in the marketing and sale or any other syndication of any such financings by making appropriate officers of Alpha available for due diligence meetings and for participation in the road show and meetings with prospective participants in such financings upon reasonable notice and at reasonable times.

Notwithstanding the foregoing, Cliffs has agreed to promptly reimburse Alpha for all out-of-pocket expenses incurred by, and otherwise indemnify and hold harmless, Alpha, its affiliates and its and their respective officers, directors, accountants and representatives from and against all liabilities listed in the ultimate and penultimate bullet points above relating to such actions other than those arising from such person s willful misconduct or gross negligence.

For purposes of the merger agreement, reasonable best efforts does not require the parties to sell, hold separate or otherwise dispose of or conduct the business of Alpha, Cliffs and/or any of their respective affiliates in a manner which would resolve any objections or suits that could materially and adversely affect the ability of the parties to consummate the transactions contemplated by the merger agreement (or agree to or permit any of these actions), except to the extent any such action would not reasonably be expected to materially impair the benefits each of Cliffs and Alpha reasonably expects to be derived from the combination of Cliffs and Alpha through the merger.

In connection with the efforts referenced above to obtain all requisite approvals and authorizations for the transactions contemplated by the merger agreement under the HSR Act, and to obtain all such approvals and authorizations under any other applicable antitrust law, each of Cliffs and Alpha has further agreed to use its reasonable best efforts to:

cooperate in all respects with each other in connection with any filing or submission and in connection with any investigation or other inquiry, including any proceeding initiated by a private party;

keep the other party informed in all material respects of any material communication (and if in writing, provide a copy of such communication) received by such party from, or given by such party to, the FTC, the Antitrust Division or any other governmental entity and of any material communication received or given in connection with any proceeding by a private party, in each case regarding any of the transactions contemplated in the merger agreement;

permit the other party to review any material communication given by it to, and consult with each other in advance of any meeting or conference with, any such governmental entity or in connection with any proceeding by a private party;

consult and cooperate with the other party and consider in good faith the views of the other party in connection with any analyses, appearances, presentations, memoranda, briefs, arguments, opinions or proposals made or submitted by or on behalf of Alpha, Cliffs or any of their respective affiliates to any such governmental entity or private party; and

not participate in any substantive meeting or have any substantive communication with any governmental entity unless it has given the other parties a reasonable opportunity to consult with it in advance and, to the extent permitted by such governmental entity, gives the other the opportunity to attend and participate therein.

In connection with and without limiting these obligations, each of Cliffs and Alpha will take all action necessary to ensure that no state takeover statute or similar statute or regulation is or becomes applicable to the merger agreement or any transaction contemplated by the merger agreement, including the merger. If any state takeover statute or similar statute or regulation becomes applicable to the merger agreement or any transaction contemplated by the merger agreement, each of Cliffs and Alpha will take all action necessary to ensure that the merger agreement and the transactions contemplated by the merger agreement, including the merger, may be completed as promptly as practicable on the terms contemplated by the merger agreement and otherwise to minimize the effect of the statute or regulation on the merger agreement and the transactions contemplated by the merger agreement, including the merger.

Cliffs and merger sub have each acknowledged and agreed that their obligations to consummate the merger and the other transactions contemplated thereby are not conditioned or contingent upon receipt of any financing.

Effect of the Merger on Alpha Equity Awards

At the effective time of the merger, each outstanding Alpha stock option and stock plan will be assumed by Cliffs. To the extent provided under the terms of Alpha s stock plans, all outstanding options will accelerate and become immediately exercisable in connection with the merger. Except for acceleration in accordance with the terms of Alpha s stock plans, each Alpha stock option assumed by Cliffs will continue to have the same terms and conditions as were applicable immediately before the effective time of the merger, except that each Alpha stock option will be exercisable for a number of whole common shares of Cliffs equal to the product of the number of shares of Alpha common stock issuable upon exercise of the option immediately before the effective time of the merger multiplied by the sum of (1) the stock consideration plus (2) the cash consideration divided by the closing price for a common share of Cliffs as reported on the NYSE Composite Transaction Reports (as reported in The Wall Street Journal, or, if not reported therein, any other authoritative sources) on the closing date of the merger. In addition, the per share exercise price of each Alpha stock option will be equal to the quotient determined by dividing the per share exercise price of the Alpha stock option by the sum of (1) the stock consideration plus (2) the cash consideration divided by the closing price for a common share of Cliffs as reported on the NYSE Composite Transaction Reports (as reported in The Wall Street Journal, or, if not reported therein, any other authoritative sources) on the closing date of the merger.

The conversion of any Alpha stock options which are incentive stock options, within the meaning of Section 422 of the Code, into options to purchase Cliffs common shares will be made so as not to constitute a modification of those Alpha stock options within the meaning of Section 424 of the Code.

Cliffs will take all corporate action necessary to reserve for issuance a sufficient number of common shares of Cliffs for delivery upon exercise or settlement of the Alpha stock plans described above that it will assume or settle pursuant to the merger agreement. As soon as practicable after the effective time of the merger, Cliffs will file a registration statement on Form S-8, or other appropriate form, with respect to the common shares of Cliffs subject to the Alpha stock plans and will maintain the effectiveness of such registration statement and maintain the current status of the prospectus or prospectuses contained in such registration statement, for so long as the Alpha stock options assumed by Cliffs remain outstanding.

At the effective time of the merger, each outstanding unvested share of restricted Alpha common stock issued under an Alpha stock plan will become vested and no longer subject to restrictions, and as a result will be treated in the merger as unrestricted Alpha common stock.

At the effective time of the merger, each outstanding performance share granted under Alpha stock plans will vest according to the terms of the applicable performance share agreement, and the holder of each performance share agreement will be entitled to receive an amount in cash equal to the product of (i) the sum of (A) the cash consideration plus (B) the product of the stock consideration multiplied by the closing price, multiplied by (ii) the number of shares of Alpha common stock that would be issuable under such performance share agreement.

Indemnification and Insurance

Cliffs has agreed that all rights to indemnification and exculpation, from liabilities for acts or omissions occurring at or prior to the effective time of the merger (including any matters arising in connection with the transactions contemplated by the merger agreement) existing in favor of the current or former directors, officers and employees of Alpha and its subsidiaries, as provided in their respective certificates of incorporation, by-laws or in any agreement between Alpha or its subsidiaries, on the one hand, and any current or former director, officer or employee of Alpha or its subsidiaries, on the other hand, will be assumed by the surviving company and will survive the merger and continue in full force and effect in accordance with their terms.

Cliffs has agreed to maintain in effect, for at least six years after the effective time of the merger, or to replace with a six-year tail policy providing the same coverage in all material respects, the Alpha directors and officers liability insurance policies covering acts or omissions occurring prior to the effective time of the merger with respect to those persons who are currently covered by Alpha s directors and officers liability insurance policies as of the date of the merger agreement on terms with respect to such coverage and amount no less favorable than those of such existing insurance coverage. However, Cliffs or the surviving company will not be required to expend in any one year an amount in excess of 300% of the annual premiums paid by Alpha at the date of the merger agreement for the insurance; if the annual premiums exceed that amount, Cliffs will be obligated to obtain a policy with the greatest coverage available for a cost not exceeding the limit set forth above.

Alpha Employee Benefits Matters

Cliffs agreed to assume all of the Alpha benefit plans and honor and pay or provide the benefits required under the plans, recognizing that the consummation of the merger or approval of the merger agreement by Alpha s stockholders, as the case may be, will constitute a change in control for purposes of each such plan that includes a definition of change in control.

With respect to any Alpha common stock held by any Alpha benefit plan as of the date of the merger agreement or thereafter, Alpha agreed to take all actions necessary or appropriate (including such actions as are reasonably requested by Cliffs) to ensure that all participant voting procedures contained in the Alpha benefit plans relating to such shares, and all applicable provisions of ERISA, are complied with in full.

For the period commencing at the effective time of the merger and ending on the second anniversary thereof, Cliffs agreed to cause to be maintained on behalf of employees of Alpha at the effective time of the merger other than individuals covered by a collective bargaining agreement, considered as a group, compensation opportunities and employee benefits that are substantially comparable, in the aggregate, to the compensation opportunities and employee benefits provided by Alpha or its subsidiaries, as applicable.

Employees of Alpha immediately before the effective time of the merger who are provided benefits under Cliffs employee benefit plans after the merger will receive credit for their service with Alpha and its affiliates before the effective time of the merger for purposes of eligibility, vesting and benefit accrual (other than benefit accrual under a Cliffs defined benefit plan) to the same extent as they were entitled, before the effective time of the merger, to credit for service under any similar or comparable Alpha benefit plan.

For purposes of each Cliffs benefit plan providing medical, dental or health benefits to any Alpha employee described above, Cliffs agreed to cause all pre-existing condition limitations and exclusions and all actively-at-work requirements of the plan to be waived for the employee and his or her covered dependents (but only to the extent that the limitations, exclusions and requirements would have been waived (or inapplicable) under the comparable Alpha benefit plan). Cliffs also agreed to cause any eligible expenses incurred by the employee and his or her covered dependents during the portion of the plan year of the Alpha plan ending on the date the employee s participation in the corresponding Cliffs plan begins to be taken into account under the Cliffs plan for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to the employee and his or her covered dependents for the applicable plan year as if the amounts had been paid in accordance with the Cliffs plan.

Dissenters Rights of Cliffs Shareholders

Cliffs has agreed to give Alpha prompt notice of any demands received by Cliffs for the fair cash value of Cliffs common shares from those Cliffs shareholders who choose to exercise their dissenters rights under the Ohio General Corporation Law (see Annex E to this joint proxy statement/prospectus for the full text of Section 1701.85 of the Ohio General Corporation Law governing dissenters rights). Cliffs has also agreed (i) not to, without the prior written consent of Alpha, waive any requirement under or compliance with the provisions of the Ohio General Corporation Law applicable to any shareholder of Cliffs demanding the fair cash value of his, her or its shares of Cliffs and (ii) to require each such shareholder holding shares of Cliffs in certificated form to deliver such shares to

Cliffs, and to endorse on such shares a legend to the effect that a demand for the fair cash value of such shares has been made.

Additional Agreements

The merger agreement contains additional agreements between Cliffs and Alpha relating to, among other things:

- preparation of this joint proxy statement/prospectus and of the registration statement on Form S-4, of which this joint proxy statement/prospectus forms a part;
- tax treatment of the merger, and cooperation with respect to obtaining opinions from outside counsel that the merger will constitute a reorganization within the meaning of Section 368(a) of the Code;
- consultations regarding public announcements;
- use of reasonable best efforts by Cliffs to cause the common shares of Cliffs to be issued in the merger to be approved for listing on the NYSE;
- standstill agreements;
- confidentiality agreements;
- ensure exemption under Rule 16b-3 of the Exchange Act;
- if Cliffs so requests, a tender offer by Alpha to repurchase Alpha s 2.375% Convertible Senior Notes due 2015; and
- a payoff letter under Alpha s existing credit facility.

Conditions to Completion of the Merger

The obligations of Cliffs, merger sub, and Alpha to complete the merger are subject to the satisfaction or waiver on or prior to the closing date of the merger of the following conditions:

- adoption of the merger agreement by the Alpha stockholders at the Alpha special meeting;
- adoption of the merger agreement and approval of the issuance of Cliffs common shares pursuant to the terms of the merger agreement by the Cliffs shareholders at the Cliffs special meeting;
- expiration or termination of the waiting period (including any extension thereof) applicable to the consummation of the merger under the HSR Act and receipt of antitrust clearance in Turkey;
- making or obtaining all other consents, approvals and actions of, filings with and notices to any governmental entity required to consummate the merger and the other transactions contemplated by the merger agreement, the failure of which to be made or obtained is reasonably expected to have or result in, individually or in the aggregate, a material adverse effect on Cliffs or Alpha;
- absence of any judgment, order, decree or law entered, enacted, promulgated, enforced or issued by any court or other governmental entity of competent jurisdiction or other legal restraint or prohibition that is in effect and

prevents the consummation of the merger;

continued effectiveness of the registration statement on Form S-4 of which this joint proxy statement/prospectus forms a part and absence of any stop order by the SEC or proceedings seeking a stop order, suspending the effectiveness of such registration statement; and

approval for listing on the NYSE, upon official notice of issuance, of the common shares of Cliffs to be issued in the merger.

The obligation of Cliffs and merger sub to effect the merger is further subject to satisfaction or waiver of the following conditions:

the representations and warranties of Alpha set forth in the merger agreement relating to the absence of a material adverse effect on Alpha since December 31, 2007 must be true and correct in all respects both as of the date of the merger agreement and as of the closing date of the merger, as if made at and as of the closing date of the merger;

the representations and warranties of Alpha set forth in the merger agreement relating to the capital structure of Alpha must be true and correct in all respects (except for any de minimis inaccuracies);

all other representations and warranties of Alpha set forth in the merger agreement must be true and correct in all respects (without giving effect to any materiality or material adverse effect qualifications contained in them), except where the failure of such other representations and warranties to be so true and correct would not reasonably be expected to have or result in, individually or in the aggregate, a material adverse effect on Alpha;

Alpha must have performed in all material respects all of its obligations required to be performed by it under the merger agreement at or prior to the closing date of the merger;

Alpha must have furnished Cliffs with a certificate dated the closing date of the merger signed on its behalf by an executive officer to the effect that the conditions set forth above in the four immediately preceding bullets have been satisfied; and

Cliffs must have received from Jones Day, its counsel, an opinion dated as of the closing date of the merger, to the effect that the merger will constitute a reorganization within the meeting of Section 368(a) of the Code.

The obligation of Alpha to effect the merger is further subject to satisfaction or waiver of the following conditions:

the representations and warranties of Cliffs and merger sub set forth in the merger agreement relating to the absence of a material adverse effect on Cliffs since December 31, 2007 must be true and correct in all respects both as of the date of the merger agreement and as of the closing date of the merger, as if made at and as of the closing date of the merger;

the representations and warranties of Cliffs and merger sub set forth in the merger agreement relating to the capital structure of Cliffs must be true and correct in all respects (except for any de minimis inaccuracies);

all other representations and warranties of Cliffs and merger sub set forth in the merger agreement must be true and correct in all respects (without giving effect to any materiality or material adverse effect qualifications contained in them), except where the failure of such other representations and warranties to be so true and correct would not reasonably be expected to have or result in, individually or in the aggregate, a material adverse effect on Cliffs and merger sub;

Cliffs and merger sub must have performed in all material respects all of its obligations required to be performed by it under the merger agreement at or prior to the closing date of the merger;

Cliffs and merger sub must have each furnished Alpha with a certificate dated the closing date of the merger signed on its behalf by an executive officer to the effect that the conditions set forth above in the four immediately preceding bullets have been satisfied; and

Alpha shall have received from Cleary Gottlieb, its counsel, an opinion dated as of the closing date, to the effect that the merger will constitute a reorganization within the meeting of Section 368(a) of the Code.

Termination of the Merger Agreement

At any time before the effective time of the merger, whether or not the Alpha stockholders have adopted the merger agreement or the Cliffs shareholders have adopted the merger agreement and approved the issuance of Cliffs common shares in connection with the merger, the merger agreement may be terminated:

by the mutual written consent of Cliffs and Alpha;

by either Cliffs or Alpha if:

the parties fail to consummate the merger on or before January 15, 2009, or such later date, if any, as Cliffs and Alpha may agree, unless the failure to consummate the merger by January 15, 2009 or such later date is the result of a breach of the merger agreement by the party seeking the termination or unless such party has not yet held its special meeting; provided that if all conditions to the closing have been fulfilled other than the making or obtaining of the consents, approvals and actions of, filings with and notices to the governmental entities required to consummate the merger and the other transactions contemplated by the merger agreement, the failure of which to be made or obtained is reasonably expected to have or result in a material adverse effect on Alpha or Cliffs, and the expiration or termination of the applicable waiting period under the HSR Act, the outside date will be extended from January 15, 2009 to April 15, 2009;

the Cliffs special meeting has concluded, the shareholders of Cliffs have voted, and the adoption of the merger agreement and the approval by the Cliffs shareholders of the issuance of common shares of Cliffs pursuant to the merger agreement was not obtained; or

the Alpha special meeting has concluded, the stockholders of Alpha have voted, and the adoption of the merger agreement by the Alpha stockholders was not obtained; or

by Alpha if:

Cliffs or merger sub breach their representations or warranties or breach or fail to perform their covenants set forth in the merger agreement, which breach or failure to perform results in a failure of certain of the conditions to the completion of the merger being satisfied and such breach or failure to perform is not cured within 30 days after the receipt of written notice thereof or is incapable of being cured by the outside date;

prior to the receipt of its stockholders approval of the proposal to adopt the merger agreement, Alpha (i) receives an unsolicited written takeover proposal after the date of the merger agreement that the Alpha board of directors determines in its good faith judgment constitutes, or would reasonably be expected to lead to, a superior proposal, (ii) provides Cliffs with a written notice that it intends to take such action, (iii) the Alpha board of directors determines in good faith that failure to take such action would be reasonably likely to be a violation of its fiduciary duties to Alpha stockholders under applicable Delaware law, (iv) thereafter satisfies the conditions for withdrawing (or modifying in a manner adverse to Cliffs) the recommendation by its board of directors of the merger or recommending such superior proposal, and (v) concurrently with the termination of the merger agreement, enters into an acquisition agreement with a third party providing for the implementation of the transactions contemplated by such superior proposal; provided that Alpha pays a $350 million termination fee to Cliffs and such superior proposal did not result from Alpha s breach of its non-solicitation obligations under the merger agreement;

Cliffs materially breaches its covenants to convene the Cliffs special meeting or breaches its obligations to recommend that Cliffs shareholders vote in favor of the adoption of the merger agreement and the issuance of common shares in connection with the merger; or

the Cliffs board of directors or any committee thereof (i) withdraws or modifies, or publicly proposes to withdraw or modify, its recommendation that Cliffs shareholders adopt the merger agreement and approve the issuance of Cliffs common shares in connection with the merger, or (ii) recommends, adopts or approves, or proposes publicly to recommend, adopt or approve certain transactions involving Cliffs; or by Cliffs if:

- Alpha breaches its representations or warranties or breaches or fails to perform its covenants in the merger agreement, which breach or failure to perform results in a failure of certain of the conditions to the completion of the merger being satisfied, provided such breach or failure to perform is not cured within 30 days after receipt of a written notice thereof or is incapable of being cured by the outside date;

Alpha materially breaches its obligations not to solicit takeover proposals or materially breaches its covenants to convene the Alpha special meeting or breaches its obligations to recommend that Alpha stockholders vote in favor of adoption of the merger agreement;

the Alpha board of directors or any committee thereof (i) withdraws or adversely modifies or publicly proposes to withdraw or adversely modify, its recommendation of the merger agreement and the transactions contemplated by the merger agreement, including the merger, or (ii) recommends, adopts or approves, or proposes publicly to recommend, adopt or approve a takeover proposal other than the merger agreement; or

Alpha materially breaches its obligations not to solicit takeover proposals or breaches certain of its obligations with respect to holding its special meeting of stockholders.

Termination Fees

Alpha must pay Cliffs a termination fee:

of $350 million if the merger agreement is terminated by Cliffs because (a) Alpha has materially breached its non-solicitation obligations under the merger agreement or has materially breached its covenants to convene the Alpha special meeting for the adoption of the merger agreement or has breached it obligations to recommend that Alpha stockholders vote in favor of such adoption or (b) the Alpha board of directors or any committee thereof (i) withdraws or adversely modifies or publicly proposes to withdraw or adversely modify, its recommendation of the merger agreement and the transactions contemplated by the merger agreement, including the merger, or (ii) recommends, adopts or approves, or proposes publicly to recommend, adopt or approve a takeover proposal other than the merger agreement;

of $350 million if the merger agreement is terminated by Alpha if, prior to the receipt of its stockholders approval of the proposal to adopt the merger agreement, Alpha (i) receives an unsolicited superior proposal after the date of the merger agreement, (ii) provides Cliffs with a written notice that it intends to take such action, (iii) the Alpha board of directors determines in good faith that failure to take such action would be reasonably likely to be a violation of its fiduciary duties to Alpha stockholders under applicable Delaware law, (iv) thereafter satisfies the conditions for withdrawing (or modifying in a manner adverse to Cliffs) the recommendation by its board of directors of the merger or recommending such superior proposal, and (v) concurrently with the termination of the merger agreement, enters into an acquisition agreement with a third party providing for the implementation of the transactions contemplated by such superior proposal; provided that such superior proposal did not result from Alpha s material breach of its non-solicitation obligations under the merger agreement;

of $350 million if the merger agreement is terminated (i) because (x) the merger has not been consummated by the outside date; (y) the Alpha special meeting has concluded the stockholders of Alpha have voted and the adoption of the merger agreement by the Alpha stockholders was not obtained; or (z) Alpha breaches its representations or warranties or breaches or fails to perform its covenants in the merger agreement (other than its obligations described in clause (a) of the first bullet above), which breach or failure to perform results in a failure of certain of the conditions to the completion of the merger being satisfied, provided such breach or failure to perform is not cured within 30 days after receipt of a written notice thereof or is incapable of being cured by the outside date; (ii) prior to such termination, any person publicly announces an alternative takeover proposal relating to Alpha; and (iii) within 12 months of such termination Alpha enters into a definitive agreement with respect to, or consummates, an alternative takeover proposal relating to Alpha; provided that the $350 million termination fee will be payable by Alpha either (A) upon consummation of the alternative takeover transaction or, (B) if the alternative takeover transaction is not consummated, upon the consummation of any other alternative takeover transaction that closes within 24 months from the entry into the definitive agreement for the first alternative takeover transaction; or

of $100 million if the merger agreement is terminated because the Alpha stockholders voted and did not adopt the merger agreement (however, if the Cliffs shareholders voted and did not adopt the merger

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agreement and approve the issuance of Cliffs common shares pursuant to the merger agreement, Alpha will not be required to pay the $100 million termination fee).

Cliffs must pay Alpha a termination fee:

- of $350 million if the merger agreement is terminated by Alpha because (i) Cliffs has materially breached its covenant to convene and hold the Cliffs special meeting to adopt the merger agreement and approve the issuance of Cliffs shares in the merger or has breached its covenant to recommend that Cliffs shareholders vote in favor of adoption of the merger agreement and issuance of Cliffs common shares in the merger or (ii) the Cliffs board of directors or any committee thereof has withdrawn or modified, or publicly proposed to withdraw or modify, such recommendation;

- of $350 million if the merger agreement is terminated by either party because: (i) (A) the merger was not consummated by the outside date; (B) Cliffs special meeting has concluded, the shareholders of Cliffs have voted and the adoption of the merger agreement and the approval of the issuance of common shares of Cliffs pursuant to the merger agreement by the Cliffs shareholders were not obtained; or (C) Cliffs or merger sub breach their representations or warranties or breach or fail to perform their covenants (other than their obligations described in clause (i) of the first bullet above) set forth in the merger agreement, which breach or failure to perform results in a failure of certain of the conditions to the completion of the merger being satisfied and such breach or failure to perform is not cured within 30 days after the receipt of written notice thereof or is incapable of being cured by the outside date; (ii) prior to such termination, an alternative proposal concerning Cliffs and meeting certain criteria outlined in the merger agreement that is conditioned upon or designed to cause the termination or failure of the merger or the merger agreement shall have been made public; and (iii) within 12 months of such termination Cliffs or any of the Cliffs subsidiaries enters into a definitive agreement with respect to, or consummates, any such alternative proposal; or

- of $100 million if the merger agreement is terminated because the Cliffs shareholders voted and did not adopt the merger agreement and approve the issuance of common shares of Cliffs pursuant to the merger agreement (however, if the Alpha stockholders voted and did not adopt the merger agreement, Cliffs will not be required to pay the $100 million termination fee).

In general, each of Cliffs and Alpha will bear its own expenses in connection with the merger agreement and the related transactions except that Cliffs and Alpha will share equally the costs and expenses in connection with filing, printing and mailing of the registration statement and this joint proxy statement/prospectus.

Amendments, Extensions and Waivers

Amendments

The merger agreement may be amended by the parties at any time prior to the effective time of the merger by an instrument in writing signed on behalf of each of the parties. However, after the adoption of the merger agreement at the Alpha special meeting or the adoption of the merger agreement and approval of the issuance of common shares of Cliffs in the merger at the Cliffs special meeting, there will be no amendment to the merger agreement made that by law, requires further approval by the stockholders of Alpha or shareholders of Cliffs without the further approval of the stockholders of Alpha or shareholders of Cliffs.

Extensions and Waivers

At any time prior to the effective time of the merger, any party to the merger agreement may:

extend the time for the performance of any of the obligations or other acts of the other parties;

waive any inaccuracies in the representations and warranties of the other parties contained in the merger agreement or in any document delivered pursuant to the merger agreement; or

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waive compliance by the other parties with any of the agreements or conditions contained in the merger agreement except as limited by the provisions of the merger agreement described above in the section Amendments.

Any agreement on the part of either party to any extension or waiver will be valid only if set forth in an instrument in writing signed by that party. The failure of any party to the merger agreement to assert any of its rights under the merger agreement or otherwise will not constitute a waiver of those rights.

INFORMATION ABOUT CLIFFS

References in this joint proxy statement/prospectus to A$ are to Australian currency, C$ to Canadian currency and $ to United States currency.

Additional information about Cliffs and its subsidiaries is included in documents incorporated by reference in this joint proxy statement/prospectus. See Where You Can Find More Information beginning on page 239.

Business

General

Founded in 1847, Cliffs is an international mining company, the largest producer of iron ore pellets in North America and a major supplier of metallurgical coal to the global steelmaking industry. Cliffs operates six iron ore mines in Michigan, Minnesota and Eastern Canada, and three coking coal mines in West Virginia and Alabama. Cliffs also owns a majority control interest in Portman, a large iron ore mining company in Australia, serving the Asian iron ore markets with direct-shipping fines and lump ore. In addition, Cliffs has a 30 percent interest in Amapá, a Brazilian iron ore project, and a 45 percent economic interest in Sonoma, an Australian coking and thermal coal project.

Cliffs executive offices are located at 1100 Superior Avenue, Cleveland, Ohio 44114-2544, telephone number: (216) 694-5700.

Strategic Transformation

In recent years, Cliffs has undergone a strategic transformation to an international mining company from its historic business model as a mine manager for the integrated steel industry in North America. Through a series of acquisitions and joint venture partnerships, the transformation has included Cliffs pursuit of geographic and mineral diversification, with a focus on providing raw materials to the steelmaking industry.

Prior to 2002, Cliffs primarily held a minority interest in the mines it managed, with the majority interest in the mines held by various North American steel companies. Cliffs earnings were principally comprised of royalties and management fees paid by the partnerships, along with sales of Cliffs equity share of the mine pellet production. Faced with marked deterioration in the financial condition of many of its partners and customers, Cliffs embarked on a strategy to reposition itself from a manager of iron ore mines on behalf of steel company partners to primarily a merchant of iron ore through increasing its ownership interests in Cliffs managed mines.

In 2004, Cliffs also significantly improved its liquidity initially through its January, 2004 offering of $172.5 million of Series A-2 preferred stock. The proceeds from the issuance were utilized to repay the remaining $25 million balance of Cliffs unsecured notes and to fund $76.1 million into Cliffs underfunded salaried and hourly pension funds and Voluntary Employee Benefit Association trusts. Additionally, the proceeds from the sale of International Steel Group, Inc. stock and cash flow from operations provided Cliffs with the liquidity for capital expenditures to maintain and expand its production capacity and to complete the acquisition of Portman.

In April 2005, Cliffs completed the acquisition of an 80.4 percent interest in Portman. The acquisition increased Cliffs customer base in China and Japan and established Cliffs presence in the Australian mining industry. On May 21, 2008, Portman authorized a tender offer to repurchase up to 16.5 million shares, or 9.39 percent of its common stock. Cliffs indicated that it would not participate in the repurchase of shares pursuant to the tender offer. The tender period closed on June 24, 2008. Under the repurchase of shares pursuant to the tender offer, 9.8 million fully paid ordinary shares were tendered at a price of A$14.66 per share. As a result of the repurchase of shares pursuant to the tender offer, Cliffs ownership interest in Portman increased from 80.4 percent to 85.2 percent. In order to enable Cliffs to move to full ownership of Portman, on September 10, 2008, Cliffs announced an off-market takeover offer to acquire, through its wholly-owned subsidiary, Cliffs Asia-Pacific Pty Limited, all of the shares in Portman that Cliffs does not already own. The offer is a last and final cash offer at a price of A$21.50 per Portman share. As of October 13, 2008, Cliffs had received acceptances of the offer, which effectively increased Cliffs ownership interest in Portman to 89.8 percent.

In March 2007, Cliffs acquired a 30 percent interest in Amapá. The remaining 70 percent of Amapá was owned by MMX Minerção e Metalicos S.A., or MMX. On August 5, 2008, Anglo-American plc acquired a controlling interest in MMX s current 51 percent interest in the Minas-Rio iron ore project and its 70 percent interest in Amapá.

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In April 2007, Cliffs completed the acquisition of a 45 percent economic interest in Sonoma in Queensland, Australia.

In June 2007, Cliffs entered into an alliance whereby Kobe Steel, LTD., or Kobe Steel, agreed to license its patented ITmk3® iron-making technology to Cliffs. The alliance, which has a 10-year term, provides Cliffs a technology to convert its low-grade iron ore reserves to high-purity iron nuggets that can be used in an electric arc furnace, a market in which Cliffs does not currently compete.

In July 2007, Cliffs completed its acquisition of PinnOak, a privately-owned U.S. mining company with three high-quality, low-volatile metallurgical coal mines. The acquisition furthered Cliffs growth strategy and expanded its diversification of products for the integrated steel industry.

In November 2007, Cliffs acquired a 70 percent controlling interest in Renewafuel, LLC, or Renewafuel. Founded in 2005, Renewafuel produces high-quality, dense fuel cubes made from renewable and consistently available components such as corn stalks, switch grass, grains, soybean and oat hulls, wood, and wood byproducts. During the second quarter of 2008, Renewafuel announced it would build a next-generation biomass fuel production facility at the Telkite Technology Park in Marquette, Michigan. Projected to begin operations in the first quarter of 2009, the plant would annually produce 150,000 tons of high-energy, low-emission biofuel cubes from a sustainable composite of collected wood and agricultural feedstocks, including wood byproducts, corn stalks, grasses and energy crops.

In 2008, Portman acquired 24 million shares of Golden West Resources Ltd, a Western Australia iron ore exploration company referred to as Golden West representing approximately 17.6 percent of its outstanding shares. Acquisition of the shares represents an investment of approximately $27 million. Golden West owns the Wiluna West exploration ore project in Western Australia, containing a resource of 119 million metric tons of ore. The purchase provides Portman a strategic interest in Golden West and its Wiluna West exploration ore project.

On July 11, 2008, Cliffs signed and closed on the acquisition of the remaining 30 percent interest in United Taconite, with an effective date of July 1, 2008. Upon consummation of the purchase, Cliffs ownership interest in United Taconite increased from 70 percent to 100 percent. Consideration paid for the acquisition was a combination of approximately $100 million in cash, approximately 4.3 million of Cliffs common shares, and 1.2 million tons of iron ore pellets to be provided throughout 2008 and 2009. The consolidation of the United Taconite minority interest, together with Cliffs Northshore property, represents two wholly-owned iron ore assets of Cliffs in North America.

On July 12, 2008, Cliffs announced a capital expansion project at its Empire and Tilden mines in Michigan s Upper Peninsula. The project, which requires approximately $290.4 million of incremental capital investment, is expected to allow the Empire mine to produce at three million tons annually through 2017 and increase Tilden mine production by more than two million tons annually. This incremental production is expected to result in total equity production of over 23 million tons annually for the North American Iron Ore segment of Cliffs. Empire was previously projected to exhaust reserves in early 2011. As part of the capacity expansion, Cliffs will also mine additional ore from its Tilden mine, located adjacent to Empire, and process it utilizing additional processing capacity at Empire. Utilization of this capacity will enable Tilden to increase production to more than 10 million tons annually, of which 8.5 million tons represent Cliffs share. The work is expected to begin in the last quarter of 2008, with capital expenditures of $69 million, $161.5 million and $59.9 million projected in 2008, 2009 and 2010, respectively.

In July 2008, Cliffs also incurred an additional capital commitment for the purchase of a new longwall plow system at Cliffs Pinnacle mine in West Virginia. The equipment, which requires a capital investment of approximately $90 million, will replace the current longwall plow system in an effort to reduce maintenance costs and increase production at the mine. Capital expenditures related to this purchase will be made in 2008 and 2009, with the equipment expected to be delivered in 2009.

On September 11, 2008, Cliffs, through its wholly-owned subsidiary, Cliffs Australia Holdings Pty Ltd, announced a strategic alliance and subscription and option agreement with a diversified Australian exploration company, AusQuest Limited, or AusQuest. Under the agreement reached, Cliffs will acquire a 30 percent fully diluted interest in AusQuest through a staged issue of shares and options. Subject to AusQuest s shareholders and Australian Foreign Investment Review Board approval, Cliffs will make an initial A$26 million subscription at A$0.40 per share and appoint a representative to the AusQuest board. This strategic alliance provides Cliffs with both the right to support AusQuest s future raising of capital, as well as certain rights in relation to any future sale or other disposal of AusQuest s explorative assets. This investment and formation of a strategic alliance supports Cliffs continued growth strategy to expand internationally.

For more information, see Management s Discussion and Analysis of Financial Condition and Results of Operations of Cliffs Growth Strategy and Strategic Transactions beginning on page 146.

Business Segments

In the past, Cliffs evaluated segment results based on segment operating income. As a result of the PinnOak acquisition and Cliffs focus on reducing production costs, Cliffs now evaluates segment performance based on sales margin, defined as revenues less cost of goods sold identifiable to each segment.

Cliffs is currently organized into three reportable business segments: North America Iron Ore, North American Coal and Asia-Pacific Iron Ore. Additional operating segments that do not meet the criteria for reporting segments are the Latin American Iron Ore and Asia-Pacific Coal businesses, which are in the early stages of production. See Note 6 of the Cliffs unaudited consolidated financial statements as of and for the six months ended June 30, 2008, included elsewhere in this joint proxy statement/prospectus, for further information.

North American Iron Ore

Cliffs is the largest producer of iron ore pellets in North America and sells virtually all of its production to integrated steel companies in the United States and Canada. Cliffs manages and operates six North American iron ore mines located in Michigan, Minnesota and Eastern Canada that currently have a rated capacity of 36.5 million tons of iron ore pellet production annually, representing approximately 45 percent of total North American pellet production capacity. Based on Cliffs percentage ownership of the North American mines Cliffs operates, its share of the rated pellet production capacity is currently 24.0 million tons annually, representing approximately 29.6 percent of total North American annual pellet capacity.

The following chart summarizes the estimated annual production capacity and percentage of total North American pellet production capacity for each of the North American iron ore pellet producers as of June 30, 2008:

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North American Iron Ore Pellet

Annual Rated Capacity Tonnage

	Current Estimated Capacity (Gross Tons of Raw Ore in Millions)	Percent of Total North American Capacity
All Cliffs managed mines	36.5	45.0%
Other U.S. mines		
U.S. Steel s Minnesota ore operations		
Minnesota Taconite	14.6	18.0
Keewatin Taconite	5.4	6.6
Total U.S. Steel	20.0	24.6
ArcelorMittal USA Minorca mine	2.9	3.6
Total other U.S. mines	22.9	28.2
Other Canadian mines		
Iron Ore Company of Canada	12.8	15.8
ArcelorMittal Mines Canada	8.9	11.0
Total other Canadian mines	21.7	26.8
Total North American mines	81.1	100.0%

Cliffs sells its share of North American iron ore production to integrated steel producers, generally pursuant to term supply agreements with various price adjustment provisions.

For the year ended December 31, 2007, Cliffs produced a total of 34.6 million tons of iron ore pellets, including 21.8 million tons for Cliffs account and 12.8 million tons on behalf of steel company owners of the mines. For the six-month period ended June 30, 2008, Cliffs produced a total of 18.0 million tons of iron ore pellets, including 11.5 million tons for Cliffs account and 6.5 million tons on behalf of steel company owners of the mines.

Cliffs produces 13 grades of iron ore pellets, including standard, fluxed and high manganese, for use in Cliffs customers blast furnaces as part of the steelmaking process. The variation in grades results from the specific chemical and metallurgical properties of the ores at each mine and whether or not fluxstone is added in the process. Although the grade or grades of pellets currently delivered to each customer are based on that customer s preferences, which depend in part on the characteristics of the customer s blast furnace operation, in many cases Cliffs iron ore pellets can be used interchangeably. Industry demand for the various grades of iron ore pellets depends on each customer s preferences and changes from time to time. In the event that a given mine is operating at full capacity, the terms of most of Cliffs pellet supply agreements allow some flexibility to provide Cliffs customers iron ore pellets from different mines.

Standard pellets require less processing, are generally the least costly pellets to produce and are called standard because no ground fluxstone (*i.e.*, limestone, dolomite, etc.) is added to the iron ore concentrate before turning the concentrates into pellets. In the case of fluxed pellets, fluxstone is added to the concentrate, which produces pellets that can perform at higher productivity levels in the customer s specific blast furnace and will minimize the amount of fluxstone the customer may be required to add to the blast furnace. High manganese pellets are the pellets produced at Cliffs Canadian Wabush Mines Joint Venture, or Wabush, operation where there is more natural manganese in the crude ore than is found at Cliffs, other operations. The manganese contained in the iron ore mined at Wabush cannot be entirely removed during the concentrating process. Wabush produces pellets with two levels of manganese, both in standard and fluxed grades.

It is not possible to produce pellets with identical physical and chemical properties from each of Cliffs mining and processing operations. The grade or grades of pellets purchased by and delivered to each customer are based on that customer s preferences and availability.

Each of Cliffs North American iron ore mines are located near the Great Lakes or, in the case of Wabush, near the St. Lawrence Seaway, which is connected to the Great Lakes. The majority of Cliffs iron ore pellets are transported via railroads to loading ports for shipment via vessel to steelmakers in the U.S. or Canada.

North American Iron Ore Customers

Cliffs North American Iron Ore revenues are derived from sales of iron ore pellets to the North American integrated steel industry, consisting of eight customers. Generally, Cliffs has multi-year supply agreements with its customers. Sales volume under these agreements is largely dependent on customer requirements, and in many cases, Cliffs is the sole supplier of iron ore pellets to the customer. Each agreement has a base price that is adjusted annually using one or more adjustment factors. Factors that can adjust price include international pellet prices, measures of general industrial inflation and steel prices. One of Cliffs supply agreements has a provision that limits the amount of price increase or decrease in any given year.

During 2007, 2006 and 2005, Cliffs sold 22.3 million, 20.4 million and 22.3 million tons of iron ore pellets, respectively, from its share of the production from its North American iron ore mines. The following five customers together accounted for a total of 83, 91 and 93 percent of North American Iron Ore Revenues from product sales and services for the years 2007, 2006 and 2005, respectively:

	Percent of Sales Revenues(1)		
Customer	**2007**	**2006**	**2005**
ArcelorMittal USA	44%	44%	43%
Algoma Steel Inc., or Algoma	16	20	22
Severstal North America, Inc. or, Severstal	10	13	12
U.S. Steel Canada	7	5	8
WCI Steel Inc.	6	9	8
Total	83%	91%	93%

(1) Excluding freight and venture partners cost reimbursements.

North American Iron Ore Term Supply Agreements

Cliffs term supply agreements in North America expire between the end of 2011 and the end of 2022. The weighted average remaining duration is eight years.

Cliffs North American Iron Ore 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. During the first quarter, Cliffs continues to produce its products, but it cannot ship those products via lake freighter until the Great Lakes are passable, which causes Cliffs first quarter inventory levels to rise. Cliffs limited practice of shipping product to ports on the lower Great Lakes and/or to customers facilities prior to the transfer of title has somewhat mitigated the seasonal effect on first quarter inventories and sales. At both December 31, 2007 and 2006, Cliffs had approximately 0.8 million tons of pellets in inventory at lower lakes or customers facilities.

ArcelorMittal USA

On March 19, 2007, Cliffs executed an umbrella agreement with ArcelorMittal USA that covers significant price and volume matters under three separate pre-existing iron ore pellet supply agreements for ArcelorMittal USA s Cleveland and Indiana Harbor West, Indiana Harbor East and Weirton Steel Corporation, or Weirton, facilities. This umbrella agreement formalizes a previously disclosed letter agreement dated April 12, 2006.

Under terms of the umbrella agreement, some of the terms of the separate pellet sale and purchase agreements for each of the above facilities were modified to aggregate ArcelorMittal USA s purchases during the years 2006 through 2010. The pricing provisions of the umbrella agreement are determined in accordance with the individual supply agreements that were in place for each of the facilities at the time it was executed.

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During 2006 through 2010, ArcelorMittal USA is obligated to purchase specified minimum tonnages of iron ore pellets on an aggregate basis. The umbrella agreement also sets the minimum annual tonnage at ArcelorMittal USA s approximately budgeted usage levels through 2010, with pricing based on the facility to which the pellets are delivered. Beginning in 2007, the terms of the umbrella agreement allow ArcelorMittal USA to manage its ore inventory levels through buydown provisions, which permit it to reduce its tonnage purchase obligation each year at a specified price per ton, and through deferral provisions, which permit ArcelorMittal USA to defer a portion of its annual tonnage purchase obligation beginning in 2007. ArcelorMittal USA has opted to defer the purchase of 550,000 tons from 2007 to 2008. The umbrella agreement also provides for consistent nomination procedures through 2010 across all three iron ore pellet supply agreements.

If, at the end of the umbrella agreement term in 2010, a new agreement is not executed, Cliffs pellet supply agreements with ArcelorMittal USA prior to executing the umbrella agreement will again become the basis for supplying pellets to ArcelorMittal USA:

Facility	**Agreement Runs through**
Cleveland Works and Indiana Harbor West facilities	2016
Indiana Harbor East facility	2015
Weirton facility	2018

In 2005, ArcelorMittal USA shut down ArcelorMittal-Weirton s blast furnace. The Weirton Contract had a minimum annual purchase obligation from ArcelorMittal-Weirton to purchase iron ore pellets for the years 2006 through and including 2018, with a minimum annual purchase obligation of two million tons per year. The ArcelorMittal-Weirton blast furnace has been permanently shut down and to the best of Cliffs knowledge will not be restarted. The umbrella agreement eliminated the Weirton minimum purchase obligation.

ArcelorMittal USA is a 62.3 percent equity participant in Hibbing and a 21 percent equity partner in Empire with limited rights and obligations and a 28.6 percent participant in Wabush through an affiliate of ArcelorMittal USA, ArcelorMittal Dofasco Inc. (formerly Dofasco Inc.), or Dofasco. In 2007, 2006 and 2005, Cliffs North American Iron Ore pellet sales to ArcelorMittal USA were 10.3, 9.1, and 10.7 million tons, respectively.

Algoma

Algoma, is a Canadian steelmaker and a subsidiary of Essar Steel Holdings Limited. Cliffs has a 15-year term supply agreement under which Cliffs is Algoma s sole supplier of iron ore pellets through 2016. Cliffs annual obligation is capped at four million tons with Cliffs option to supply additional pellets. Pricing under the agreement with Algoma is based on a formula which includes international pellet prices. The agreement also provides that, in 2008, 2011 and 2014, either party may request a price negotiation if prices under the agreement with Algoma differ from a specified benchmark price. On January 3, 2008, Algoma requested price renegotiation for 2008. On May 30, 2008, four subsidiaries of Cliffs entered into a binding term sheet with Algoma amending the term supply agreement. The term sheet governs the performance of the parties under the agreement (as amended by the term sheet) until such time as the parties execute a definitive written agreement. The term sheet establishes the price for 2008 and provides for the sale of additional tonnage to Algoma for 2008 and 2009. Pricing for 2009 and beyond will be determined in accordance with the original terms of the agreement with Algoma. In June 2007, Essar Global Limited, through its wholly-owned subsidiary Essar Steel Holdings Limited, completed its acquisition of Algoma for C$1.85 billion. Cliffs does not expect the acquisition to affect its term supply agreement with Algoma. Cliffs sold 2.9 million, 3.5 million and 3.8 million tons to Algoma in 2007, 2006 and 2005, respectively.

Severstal

In January 2006, Cliffs entered into an Amended and Restated Pellet Sale and Purchase Agreement dated and effective January 1, 2006, whereby Cliffs is the sole supplier of iron ore pellets through 2012 to Severstal. The agreement with Severstal contains certain minimum purchase requirements for certain years. Cliffs sold 3.0 million, 3.7 million and 3.6 million tons to Severstal in 2007, 2006 and 2005, respectively.

On January 5, 2008, Severstal experienced an explosion and fire on the smaller of its two operating furnaces that partially curtailed production at their North American facility.

On April 30, 2008, certain subsidiaries of Cliffs entered into a binding term sheet with Severstal regarding an amendment and extension of the agreement with Severstal. The term sheet governs the performance of the parties under the agreement until such time as the parties execute a definitive written agreement.

Pursuant to the term sheet, the term of the agreement with Severstal is fifteen years, subject to automatic renewals unless terminated by prior written notice. The agreement provides that Cliffs must supply all of Severstal s blast furnace pellet requirements for its Dearborn, Michigan facility during the term of the agreement, subject to specified minimum and maximum requirements in certain years.

WCI Steel Inc.

On October 14, 2004, Cliffs and WCI Steel Inc., or WCI, reached agreement for Cliffs to supply 1.4 million tons of iron ore pellets in 2005 and, in 2006 and thereafter, to supply 100 percent of WCI s annual requirements up to a maximum of two million tons of iron ore pellets. The 2004 agreement is for a ten-year term, which commenced on January 1, 2005.

On May 1, 2006, an entity controlled by the secured noteholders of WCI acquired the steelmaking assets and business of WCI. The new WCI assumed the 2004 agreement. Cliffs sold 1.5 million, 1.6 million and 1.4 million tons to WCI (and its successor) in 2007, 2006 and 2005, respectively.

U.S. Steel Canada Inc.

U.S. Steel Canada is a 44.6 percent participant in Wabush, and U.S. subsidiaries of U.S. Steel Canada own 14.7 percent of Hibbing and 15 percent of Tilden.

In December 2006, Cliffs executed a binding pellet supply term sheet with U.S. Steel Canada with respect to a seven-year supply agreement to provide their Lake Erie Steel and Hamilton Steel facilities excess pellet requirements above the amount supplied from their ownership interest at Hibbing, Tilden and Wabush. Pellet sales to U.S. Steel Canada totaled 1.2 million, 0.9 million and 1.4 million tons in 2007, 2006 and 2005, respectively.

North American Coal

Cliffs is a supplier of metallurgical coal in North America. Cliffs owns and operates three North American coal mines located in West Virginia and Alabama that currently have a rated capacity of 6.5 million short tons of production annually. For the six months ended June 30, 2008, Cliffs sold a total of 1.6 million tons.

All three of Cliffs North American coal mines are positioned near rail or barge lines providing access to international shipping ports, which allows for export of Cliffs coal production.

North American Coal Customers

North American Coal s production is sold to global integrated steel and coke producers in Europe, South America and North America. Approximately 90 percent of Cliffs 2008 production is committed under one-year contracts. Customer contracts in North America typically are negotiated on a calendar year basis with international contracts negotiated as of March 31.

Exports and domestic sales represented 66 percent and 34 percent, respectively, of Cliffs North American Coal sales in 2007.

Asia-Pacific Iron Ore

Cliffs Asia-Pacific Iron Ore segment is comprised of a majority control interest in Portman, an Australian iron ore mining company. The minority interest ownership of the company is publicly held and traded on the Australian Stock Exchange under the ticker symbol PMM , however, Cliffs announced on September 10, 2008 an off-market

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takeover offer to acquire, through its wholly-owned subsidiary, Cliffs Asia-Pacific Pty Limited, all of the shares in Portman that Cliffs does not already own.

Portman s operations are in Western Australia and include its 100 percent owned Koolyanobbing mine and its 50 percent equity interest in Cockatoo Island Joint Venture, which is referred to as Cockatoo Island. Portman serves the Asian iron ore markets with direct-shipping fines and lump ore. Production in 2007 (excluding its 0.7 million tonne share of Cockatoo Island) was 7.7 million tonnes.

These two operations supply a total of four direct shipping export products to Asia via the global seaborne trade market. Koolyanobbing produces a standard lump and fines product as well as low grade fines product. Cockatoo Island produces and exports a single premium fines product. Portman lump products are directly charged to the blast furnace, while the fines products are used as sinter feed. The variation in Portman s four export product grades reflects the inherent chemical and physical characteristics of the ore bodies mined as well as the supply requirements of the customers.

Koolyanobbing is a collective term for the operating deposits at Koolyanobbing, Mount Jackson and Windarling. The project is located 425 kilometers east of Perth and approximately 50 kilometers northeast of the town of Southern Cross. There are approximately 100 kilometers separating the three mining areas. Banded iron formation hosts the mineralization which is predominately hematite and goethite. Each deposit is characterized with different chemical and physical attributes and in order to achieve customer product quality; ore in varying quantities from each deposit must be blended together.

Blending is undertaken at Koolyanobbing, where the crushing and screening plant is located. Standard and low grade products are produced in separate campaigns. Once the blended ore has been crushed and screened into a direct shipping product, it is transported by rail approximately 575 kilometers south to the Port of Esperance for shipment to Asian customers.

Cockatoo Island is located off the Kimberley coast of Western Australia, approximately 1,900 kilometers north of Perth and is only accessible by sea and air. Cockatoo Island produces a single high iron product known as Cockatoo Island Premium Fines. The deposit is almost pure hematite and contains very few contaminants enabling the shipping grade to be above 68 percent iron. Ore is mined below the sea level on the southern edge of the island. This is facilitated by a sea wall which enables mining to a depth of 40 meters below sea level. Ore is crushed and screened to the final product sizing. Vessels berth at the island and the fines product is loaded directly to the ship. Cockatoo Island Premium Fines are highly sought in the global marketplace due to its extremely high iron grade and low valueless mineral content. Cockatoo Island production ceased at the end of the second quarter 2008, with shipments to continue into the third quarter 2008. Construction on a necessary extension of the existing seawall will commence in the third quarter 2008, with production anticipated to restart by the end of the second quarter 2009. This extension is expected to extend production for approximately two additional years.

Asia-Pacific Iron Ore Customers

Portman s production is fully committed to steel companies in China and Japan through 2012. A limited spot market exists for seaborne iron ore as most production is sold under long-term contracts with annual benchmark prices driven from negotiations between the major suppliers and Chinese, Japanese and other Asian steel mills.

Portman has long-term supply agreements with steel producers in China and Japan that account for approximately 74 percent and 26 percent, respectively, of sales. Sales volume under the agreements is partially dependent on customer requirements. Each agreement is priced based on benchmark pricing established for Australian producers.

During 2007, 2006 and 2005, Cliffs sold 8.1 million, 7.4 million and 4.9 million tonnes of iron ore, respectively, from its Western Australia mines. (Sales for 2005 represent amounts since the March 31, 2005 acquisition of Portman).

Sales in 2007 were to 17 Chinese and three Japanese customers. No customer comprised more than 15 percent of Asia-Pacific Iron Ore sales or 10 percent of Cliffs consolidated sales in 2007, 2006 or 2005. Portman s five largest customers accounted for approximately 47 percent of Portman s sales in 2007, 46 percent in 2006 and 50 percent in 2005.

Investments

In addition to Cliffs reportable business segments, Cliffs is partner to a number of projects, including Amapá in Brazil and Sonoma in Australia.

Amapá

Cliffs is a 30 percent minority interest owner in Amapá, which consists of a significant iron ore deposit, a 192-kilometer railway connecting the mine location to an existing port facility and 71 hectares of real estate on the banks of the Amazon River, reserved for a loading terminal. Amapá initiated production in late-December 2007. It is expected that completion of the construction of the concentrator and ramp-up of production will occur in 2008. It is estimated that Amapá will produce and sell approximately one million tonnes of iron ore fines products in 2008, down from a previous estimate of three million tonnes. The majority of Amapá s production is committed under a long-term supply agreement with an operator of an iron oxide pelletizing plant in the Kingdom of Bahrain.

Sonoma

Cliffs is a 45 percent economic interest owner in Sonoma in Queensland, Australia. The project is currently operating and expected to produce approximately 2.5 million tonnes of coal in 2008, up from a previous estimate of two million tonnes. Production will include a mix of hard coking coal and thermal coal. Sonoma has economically recoverable reserves of 27 million tonnes. All 2008 production is committed under supply agreements with customers in Asia.

The Iron Ore, Metallurgical Coal and Steel Industries

China produced 489 million tonnes of crude steel in 2007, up 15 percent over 2006, accounting for approximately 37 percent of global production.

The rapid growth in steel production in China has only been partially met by a corresponding increase in domestic Chinese iron ore production. Chinese iron ore deposits, although substantial, are of a lower grade (less than half of the equivalent iron ore content) than the current iron ore supplied from Brazil and Australia.

The world price of iron ore is influenced by international demand. The rapid growth in Chinese demand, particularly in more recent years, has created a market imbalance and has led to demand outstripping supply. This market imbalance has recently led to high spot prices for natural iron ore and increases of 9.5 percent, 19 percent and 71.5 percent in 2007, 2006 and 2005, respectively, in benchmark prices for Brazilian and Australian suppliers of iron ore. During the second quarter of 2008, the Australian benchmark prices for lump and fines settled at increases of 97 percent and 80 percent, respectively. As a result, second quarter sales from Cliffs Asia-Pacific Iron Ore segment were recorded based on 2008 settled price increases, which reflects an incremental increase of approximately $90.6 million when compared to second quarter revenue measured at 2007 prices. In addition, approximately $65.0 million of additional product revenue related to first quarter sales was recognized in the second quarter upon settlement of 2008 benchmark prices. The increased demand for iron ore has resulted in the major iron ore suppliers expanding efforts to increase their capacity.

Competition

Cliffs competes with several iron ore producers in North America, including Iron Ore Company of Canada, ArcelorMittal Mines Canada and United States Steel Corporation, or U.S. Steel, as well as other steel companies that own interests in iron ore mines that may have excess iron ore inventories. In the coal industry, Cliffs competes with many metallurgical coal producers including Alpha, Bluestone Coal Corp., CONSOL Energy Inc., International Coal Group, Inc., Massey Energy Company, Jim Walter Resources, Inc., Peabody Energy Corp., United Coal Group Company and numerous others.

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As the North American steel industry continues to consolidate, a major focus of the consolidation is on the continued life of the integrated steel industry s raw steelmaking operations (i.e., blast furnaces and basic oxygen furnaces that produce raw steel). In addition, other competitive forces have become a large factor in the iron ore business. Electric furnaces built by mini-mills, which are steel recyclers, generally produce steel by using scrap steel and reduced-iron products, not iron ore pellets, in their electric furnaces.

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

Portman exports iron ore products to China and Japan in the world seaborne trade. Portman competes with major iron ore exporters from Australia, Brazil and India.

Environment

General

Various governmental bodies are continually promulgating new laws and regulations affecting Cliffs, its customers, and its suppliers in many areas, including waste discharge and disposal, hazardous classification of materials and products, air and water discharges, and many other environmental, health, and safety matters. Although Cliffs believes that its environmental policies and practices are sound and does not expect that the application of any current laws or regulations would reasonably be expected to result in a material adverse effect on its business or financial condition, Cliffs cannot predict the collective adverse impact of the expanding body of laws and regulations.

Specifically, proposals for voluntary initiatives and mandatory controls are being discussed both in the United States and worldwide to reduce greenhouse gases most notably carbon dioxide, a by-product of burning fossil fuels and other industrial processes. Although the outcome of these efforts remains uncertain, Cliffs has proactively engaged outside experts to more formally develop a comprehensive, enterprise-wide greenhouse gas management strategy. The comprehensive strategy is aimed at considering all significant aspects associated with greenhouse gas initiatives and optimizing Cliffs regulatory, operational, and financial impacts and/or opportunities. Cliffs will continue to monitor developments related to efforts to register and potentially regulate greenhouse gas emissions.

North American Iron Ore

In the construction of Cliffs facilities and in their operation, substantial costs have been incurred and will continue to be incurred to avoid undue effect on the environment. Cliffs North American capital expenditures relating to environmental matters were $8.8 million, $10.5 million, and $9.2 million in 2007, 2006 and 2005, respectively. It is estimated that approximately $10.8 million will be spent in 2008 for capital environmental control facilities.

The iron ore industry has been identified by the 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, or HAP. The EPA is required to develop rules that would require major sources of HAP to utilize Maximum Achievable Control Technology standards for their emissions. Pursuant to this statutory requirement, the EPA published a final rule on October 30, 2003 imposing emission limitations and other requirements on taconite iron ore processing operations. On December 15, 2005, Cliffs and Ispat-Inland Mining Company filed a Petition to Delete the iron ore industry as a source category regulated by Section 112 of the Clean Air Act. The EPA requested additional information, and a supplement was submitted to the EPA on August 22, 2006. A response is pending.

On March 10, 2005, the EPA issued the Clean Air Interstate Rule, or CAIR, final regulations and on March 15, 2005, the EPA issued the Clean Air Mercury Rule, or CAMR. The rules establish phased reductions of NOx, SO_2 and mercury from electric power generating stations. After CAMR was vacated early in 2008, the U.S. Court of Appeals for the D.C. Circuit vacated CAIR in July 2008. The vacatur of the rules does not preclude more stringent regulation of air pollutants from power plants, and various legal and administrative efforts are expected to reissue regulations in new form. Accordingly, Cliffs anticipates that it will incur capital and ongoing emission allowance costs at its Silver Bay Power Plant to maintain compliance with the rule. As Cliffs is still optimizing its various options for compliance, it cannot accurately estimate the timing or cost of emission controls at this time.

On December 16, 2006, Cliffs submitted an administrative permit amendment application to the Minnesota Pollution Control Agency, or MPCA, with respect to Northshore s Title V operating permit. The proposed amendment requested the deletion of a 30-year old control city monitoring requirement which was used to assess the adequacy of air emission control equipment installed in the 1970s. MPCA had discontinued use of control city monitoring in the early 1980s, but had recently reinstituted monitoring. The control city monitoring compared ambient fiber levels in St. Paul, Minnesota to levels at Northshore and the surrounding area. The administrative permit amendment application argued that the control city monitoring requirement is an obsolete and redundant standard given Northshore s existing emission control equipment and applicable federal regulations, state rules, and permit requirements.

Cliffs received a letter dated February 23, 2007 from the MPCA notifying Cliffs that its proposed permit amendment had been denied. Cliffs has appealed the denial to the Minnesota Court of Appeals. Subsequent to the filing of Cliffs appeal, the MPCA advised Northshore that the MPCA considered Northshore to be in violation of the control city standard. In addition, the Minnesota Center for Environmental Advocacy intervened in Cliffs appeal of the denial of a proposed permit amendment to its Title V operating permit. Oral arguments on Cliffs appeal were held on February 21, 2008. The court of appeals ruled in MPCA s favor. Subsequent to the court of appeals ruling, Northshore filed a major permit amendment on August 28, 2008 to remove the control city requirement from its permit. The permit amendment is currently pending.

On July 28, 2008, MPCA issued a Notice of Violation, or NOV, to Northshore alleging violations related to the control city standard from March 2006 through October 2007 specifically with respect to MPCA s interpretation of the control city standard s emission limits and related monitoring and reporting requirements. The NOV states that Northshore has been in compliance with MPCA s interpretation of the standard since October 2007, but requires corrective actions relating to operating and maintaining facilities of treatment and control to remain in compliance. Although the NOV does not seek civil penalties, it contains various requests for information and reserves the right for MPCA to take further action. Northshore disputes the allegations contained in the NOV and is currently assessing its legal/administrative options. If either Cliffs appeal is unsuccessful or if Cliffs is unable to negotiate an acceptable compliance schedule, Northshore could be subject to future enforcement actions with respect to its Title V operating permit if Cliffs is unable to meet the permit requirements as interpreted by MPCA.

On March 27, 2008, United Taconite received a draft stipulation agreement, or DSA, from the MPCA alleging various air emissions violations of the facility s air permit limit conditions, reporting and testing requirements. The allegations generally stem from procedures put in place prior to 2004 when Cliffs first acquired its interest in the mine. The DSA requires the facility to install continuous emissions monitoring, evaluate compliance procedures, submit a plan to implement procedures to eliminate air deviations during the relevant time period, and proposes a civil penalty in an amount to be determined. While United Taconite does not agree with MPCA s allegations, United Taconite and the MPCA continue discussions on the matter with the intent of working toward a mutual resolution.

North American Coal

In 1996 and 1997, two cases were brought alleging that dust from the Concord Preparation Plant damaged properties in the area. In 2002, the parties entered into settlement agreements with the former owner in exchange for a lump sum payment and the agreement to implement remedial measures. However, the plaintiffs were not required to dismiss their claims. PinnOak was added to these cases in 2004 and 2006. The plaintiffs in these matters are now seeking additional remediation measures and Cliffs is opposing this assertion and believes that any amounts ultimately paid in this matter will not be material. In addition to the two cases noted above, in 2004 approximately 160 individual plaintiffs brought an action against PinnOak asserting injuries arising from particulate emissions from the Concord

Preparation Plant. Cliffs is seeking a summary judgment in this most recent matter because it had previously been concluded under the 2002 settlement agreement.

Pinnacle Mining owns the closed West Virginia Maitland mine, which continues to discharge groundwater to Elkhorn Creek under terms of a National Pollutant Discharge Elimination System permit issued by the West Virginia Department of Environment Protection, or DEP. On April 30, 2008 the DEP renewed the permit and

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imposed more stringent effluent quality limitations for iron and aluminum. Current effluent iron concentrations sometimes exceed the new limitation. A permit appeal was filed with the West Virginia Environmental Quality Board regarding the reduced limitations and the absence of a compliance schedule in the permit. Pinnacle Mining reached an agreement with the DEP that has provided a compliance schedule for meeting the new limits. Pinnacle Mining believes it will be able to achieve the new limits without any material costs or changes in operation.

Asia-Pacific Iron Ore

Environmental issues and their management continued to be an important focus at Cliffs Asia-Pacific iron ore operations throughout 2007. Mining operations proceeded without major environmental incidents. Implementation of management controls at the Koolyanobbing operations continued, and a significant milestone was achieved with the certification of the environmental management system to the International Standards Organization standard 14001.

A third-party compliance review of the Koolyanobbing operations was undertaken during 2007. The Koolyanobbing operations are among the most heavily regulated mining operations in Western Australia, with environmental conditions set at both state and federal government levels. The review audited compliance with over 200 regulatory conditions and management plan commitments. A high level of compliance was achieved across all areas. Nine items of non-compliance were reported, with most being non-material in terms of environmental risk. Work commenced to address these items, including improved blasting procedures, the initiation of a project to quantify dust emission sources and the inclusion of soil assessment protocols in waste dump planning.

The Asia-Pacific iron ore environmental team was strengthened during the year to ensure that both the current mine operations continue to be well managed and that expansion plans receive timely environmental assessment and approvals.

Cliffs commenced a major environmental permitting program at the Koolyanobbing operations in 2007 in preparation of the submission of approval applications for a number of development proposals in 2008. The program included environmental baseline and impact assessment for expansion of pits and waste dumps at Koolyanobbing, Mount Jackson and Windarling. Groundwater studies, including a ground water re-injection trial, were completed in support of an approval application for mining below the water table at Windarling.

In May 2007, the Australian Environmental Protection Agency, or AEPA, released a report outlining the recommendations for a significant extension of the conservation estate in the area of the Koolyanobbing mining operations. The AEPA report recommended the conversion of much of the area to Class A conservation reserve, which effectively excludes mining activities. The report represents the view of the AEPA and neither creates an obligation on the government to act nor affects the rights of Portman to operate under existing approvals. However, if implemented, the AEPA recommendations would severely constrain Portman s expansion opportunities in the vicinity of the current operations. There are disparate views within government agencies over the issue. Cliffs has communicated its concerns to the government in a manner that indicates a willingness to work with all parties to achieve a sustainable outcome for conservation and resource development in the region.

At the Cockatoo Island operations, the focus of environmental work was on preparing a submission for environmental approvals for extension of the embankment mining project. A submission was lodged with the regulatory agencies in December 2007 to extend the existing Stage 1 and 2 seawalls eastwards adding a further three years mine life. In addition to this extension proposal work continued on refining the overall closure plan for Cockatoo Island taking into account the proposed extension. The Stage 3 extension and closure plan were reviewed as a package by the regulators and approved in August 2008 for both the extension and the closure plan. Activities within the closure plan not associated with the Stage 3 extension have been programmed over the 2008/2009 years.

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Environmental and Mine Closure Obligations

Cliffs had environmental and mine closure liabilities of $131.8 million and $130.8 million at June 30, 2008 and December 31, 2007, respectively. Payments in the first six months of 2008 were $3.8 million compared with $9.2 million for the full year in 2007. The following is a summary of the obligations:

	June 30, 2008	December 31, 2007
	(In millions)	
Environmental	$ 13.6	$ 12.3
Mine closure:		
LTV Steel Mining Company, or LTVSMC	21.1	22.5
Operating mines:		
North American Iron Ore	62.2	61.8
North American Coal	21.0	20.4
Asia-Pacific Iron Ore	10.5	9.5
Other	3.4	4.3
Total mine closure	118.2	118.5
Total environmental and mine closure obligations	131.8	130.8
Less current portion	6.8	7.6
Long term environmental and mine closure obligations	$ 125.0	$ 123.2

Environmental

The Rio Tinto Mine Site

The Rio Tinto Mine Site is a historic underground copper mine located near Mountain City, Nevada, where tailings were placed in Mill Creek, a tributary to the Owyhee River. Site investigation and remediation work is being conducted in accordance with a consent order between the Nevada Department of Environmental Protection, and the Rio Tinto Working Group, or RTWG, composed of Cliffs, Atlantic Richfield Company, Teck Cominco American Incorporated, and E. I. du Pont de Nemours and Company. The estimated costs of the available remediation alternatives currently range from approximately $10.0 million to $30.5 million. In recognition of the potential for a Natural Resource Damages, or NRD, claim, the parties are actively pursuing a global settlement that would include the EPA and encompass both the remedial action and the NRD issues. Cliffs has increased its reserve most recently in the second quarter of 2008 by $3.0 million to reflect revised cleanup estimates and cost allocation associated with Cliffs anticipated share of the eventual remediation costs based on a consideration of the various remedial measures and related cost estimates, which are currently under review.

Mine Closure

The mine closure obligations are for Cliffs four consolidated North American operating iron ore mines, Cliffs three consolidated North American operating coal mines, Cliffs Asia-Pacific operating iron ore mines, the coal mine at

Sonoma and a closed operation formerly known as LTVSMC. The LTVSMC closure obligation results from an October 2001 transaction where subsidiaries of Cliffs received a net payment of $50 million and certain other assets and assumed environmental and certain facility closure obligations of $50 million. Obligations have declined to $21.1 million at June 30, 2008.

The accrued closure obligation for Cliffs active mining operations provides for contractual and legal obligations associated with the eventual closure of the mining operations. The accretion of the liability and amortization of the related fixed asset is recognized over the estimated mine lives for each location. The following represents a rollforward of Cliffs asset retirement obligation liability for the six months ended June 30, 2008 and the year ended December 31, 2007:

	June 30, 2008	December 31, 2007(1)
	(In millions)	
Asset retirement obligation at beginning of period	$ 96.0	$ 62.7
Accretion expense	4.1	6.6
PinnOak acquisition		19.9
Sonoma investment		4.3
Reclassification adjustment	(0.9)	1.1
Exchange rate changes	0.5	0.9
Revision in estimated cash flows	(2.6)	0.5
Asset retirement obligation at end of period	$ 97.1	$ 96.0

(1) Represents a 12-month rollforward of Cliffs asset retirement obligation at December 31, 2007.

Energy

Electricity. The Empire and Tilden mines receive electric power from WEPCO. Under the contracts, Empire and Tilden were afforded an energy price cap and certain power curtailment features. These contracts terminated at the end of the 2007 calendar year. Prior to the termination of the contracts in 2007, WEPCO initiated a tariff rate case in which Empire and Tilden participated in order to establish a new tariff rate for each mine upon the termination of the contracts. The resulting settlement, which was approved by the Michigan Public Service Commission, created a new industrial tariff rate. Effective January 1, 2008 Tilden and Empire receive their electrical power from WEPCO under the new tariff rate. On January 31, 2008, WEPCO filed a new rate case, proposing an increase to the tariff rates that became effective on January 1, 2008. In February 2008, Cliffs filed a petition to intervene in the new rate case. Cliffs is also reviewing the rate case and analyzing the potential impact on Empire and Tilden.

Electric power for the Hibbing and United Taconite mines is supplied by Minnesota Power, Inc., or MP, under agreements that continue to December 2008 and October 2008, respectively. Silver Bay Power Company, or Silver Bay, an indirect wholly-owned subsidiary of Cliffs, with a 115 megawatt power plant, provides the majority of Northshore s energy requirements. Silver Bay has an interconnection agreement with MP for backup power. Silver Bay entered into an agreement to sell 40 megawatts of excess power capacity to Xcel Energy under a contract that extends to 2011. In March 2008, Northshore reactivated one of its furnaces resulting in a shortage of electrical power of approximately 10 megawatts. As a result, supplemental electric power is purchased by Northshore from MP under an agreement that continues to March 2009.

Wabush owns a portion of the Twin Falls Hydro Generation facility that provides power for Wabush s mining operations in Newfoundland. Wabush has a 20-year agreement with Newfoundland Power, which continues until

December 31, 2014. This agreement 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.

The Oak Grove Resources, LLC, or Oak Grove, mine and Concord Preparation Plant are supplied electrical power by Alabama Power under a contract which expires June 30, 2009. Rates of the contract are subject to change during the term of the contract as regulated by the Alabama Public Service Commission.

Electrical power to the Pinnacle, Green Ridge No. 1, Green Ridge No. 2 mines and the Pinnacle Preparation Plant are supplied by the Appalachian Power Company under two contracts. The Indian Creek contract is renewable on July 24, 2009 and the Pinnacle Creek contract is renewable on July 4, 2009. Both contracts specify the applicable rate schedule, minimum monthly charge and power capacity furnished. Rates, terms and conditions of the contracts are subject to the approval of the Public Service Commission of West Virginia.

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Koolyanobbing and its associated satellite mines draw power from independent diesel fueled power stations and generators. Temporary diesel power generation capacity has been installed at the Koolyanobbing operations, allowing sufficient time for a detailed investigation into the viability of long-term options such as connecting into the Western Australian South West Interconnected System or provision of natural gas or dual fuel (natural gas and diesel) generating capacity. These options are not economic for the satellite mines, which will continue being powered by diesel generators.

Electrical supply on Cockatoo Island is diesel generated. The powerhouse adjacent to the processing plant powers the shiploader, fuel farm and the processing plant. The workshop and administration office is powered by a separate generator.

Sonoma receives its electricity from the public grid generated by local electric retailer Ergon Energy. In 2008, Sonoma plans to go to the contestable energy market and invite offers to supply electricity on a long-term basis. The state of Queensland enjoys a competitive deregulated energy market.

Process Fuel. Cliffs 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. The Hibbing and Northshore mines have the capability to burn natural gas and oil. The United Taconite mine has the ability to burn coal, natural gas and coke breeze. Although all of the U.S. iron ore mines have the capability of burning natural gas, with higher natural gas prices, the pelletizing operations for the U.S. iron ore mines utilize alternate fuels when practicable. Wabush has the capability to burn oil and coke breeze.

Research and Development

Cliffs has been a leader in iron ore mining technology for more than 160 years. Cliffs operated some of the first mines on Michigan s Marquette Iron Range and pioneered early open-pit and underground mining methods. From the first application of electrical power in Michigan s underground mines to the use today of sophisticated computers and global positioning satellite systems, Cliffs has been a leader in the application of new technology to the centuries-old business of mineral extraction. Today, Cliffs engineering and technical staffs are engaged in full-time technical support of Cliffs operations and improvement of existing products.

As part of Cliffs efforts to develop alternative metallic products, Cliffs is developing, with Kobe Steel, a commercial-scale reduced iron plant, which will convert hematite into nearly pure iron in nugget form utilizing Kobe Steel s ITmk3® technology. This innovative technology has the potential to open new markets by offering an economically competitive supply of iron material for electric arc furnaces.

North American Coal and Asia-Pacific Iron Ore do not have any material research and development projects.

Employees

As of June 30, 2008, Cliffs had a total of 5,928 employees.

	North American Iron Ore	North American Coal	Asia-Pacific Iron Ore	Corporate & Support Services	Total
Salaried	1,007	261	111	241	1,620

Hourly	3,519	789	0		4,308
Total(1)	4,526	1,050	111	241	5,928

(1) Includes Cliffs employees and the employees of the North American joint ventures.

Hourly employees at Cliffs Michigan and Minnesota iron ore mining operations (other than Northshore) are represented by the USW. Cliffs has entered into an agreement with the USW on a new four-year labor contract to replace the labor agreement that expired on September 1, 2008 and that will cover approximately 2,300 USW-represented workers at Empire and Tilden mines in Michigan, and its United Taconite and Hibbing mines in Minnesota.

In April 2006, the USW advised Cliffs with a Written Notification that it was initiating an organizing campaign at Northshore. Under the terms of Cliffs collective bargaining agreements with the USW, Cliffs is required to remain neutral during the organizing campaign. Based upon subsequent conversations with USW representatives, the organizing campaign was postponed pending resolution of issues related to the neutrality commitment in the collective bargaining agreement.

Hourly employees at Wabush are represented by the USW. Wabush and the USW entered into a collective bargaining agreement in October 2004 that expires on March 1, 2009.

Hourly production and maintenance employees at PinnOak subsidiary corporations are represented by the UMWA. Each of these subsidiary companies entered into new collective bargaining agreements with the UMWA in March 2007 that expire on December 31, 2011. Those collective agreements are identical in all material respects to the National Bituminous Coal Wage Agreement of 2007 between the UMWA and the Bituminous Coal Operators Association.

Cliffs employees at Asia-Pacific operations are not represented under collective bargaining agreements.

As of June 30, 2008, 66 percent of Cliffs employees were covered by collective bargaining agreements.

Growth Strategy

Cliffs expects to grow its business and presence as an international mining company by expanding both geographically and through the minerals that it mines and markets. Recent investments in Australia and Latin America, as well as acquisitions in minerals outside of iron ore, such as coal, illustrate the execution of this strategy.

For information regarding Cliffs growth strategy, see Management s Discussion and Analysis of Financial Condition and Results of Operations of Cliffs Growth Strategy and Strategic Transactions beginning on page 146.

Properties

The following map shows the locations of Cliffs operations:

Mine Facilities and Equipment. Each of the North American Iron Ore mines has crushing, concentrating, and pelletizing facilities. There are crushing and screening facilities at Koolyanobbing and Cockatoo Island. North American Coal mines have preparation, processing, and load-out facilities, with the Pinnacle and Green Ridge mines sharing facilities. The facilities at each site are in satisfactory condition, although they require routine capital and maintenance expenditures on an ongoing basis. Certain mine equipment generally is powered by electricity, diesel fuel or gasoline. The total cost of the property, plant and equipment, net of applicable accumulated amortization and depreciation as of June 30, 2008, for each of the mines is set forth in the chart below.

Location and Name	Total Historical Cost of Mine Plant and Equipment (Excluding Real Estate and Construction in Progress), Net of Applicable Accumulated Amortization and Depreciation (In millions)
Empire	$ 62.9(1)
Tilden	186.6(2)
Hibbing	476.6(3)
Northshore	84.0
United Taconite	68.2
Wabush	460.1(3)
Pinnacle Complex	61.3
Oak Grove	63.1
Sonoma	147.4(4)
Cockatoo Island	(5)
Koolyanobbing	247.4
Amapá	472.7

(1) Includes capitalized financing costs of $5.5 million, net of accumulated amortization.

(2) Includes capitalized financing costs of $14.7 million, net of accumulated amortization.

(3) Does not reflect depreciation, which is recorded by the individual venturers.

(4) Includes capitalized financing costs of $2.7 million, net of accumulated amortization.

(5) Cockatoo Island plant and equipment is fully amortized.

North American Iron Ore

Cliffs directly or indirectly owns and operate interests in the following six North American iron ore mines:

Empire mine

The Empire mine is located on the Marquette Iron Range in Michigan s Upper Peninsula approximately 15 miles west-southwest of Marquette, Michigan. The mine has been in operation since 1963. Over the past five years, the Empire mine has produced between 4.8 million and 5.4 million tons of iron ore pellets annually.

Cliffs is a 79.0 percent partner in Empire, and a subsidiary of ArcelorMittal USA has retained a 21 percent ownership in Empire with limited rights and obligations, which it has a unilateral right to put to Cliffs at any time subsequent to the end of 2007. This right has not been exercised. Cliffs owns directly approximately one-half of the remaining ore reserves at the Empire mine and leases them to Empire. A subsidiary of Cliffs leases the balance of the Empire reserves from other owners of such reserves and subleases them to Empire.

Tilden mine

The Tilden mine is located on the Marquette Iron Range in Michigan s Upper Peninsula approximately five miles south of Ishpeming, Michigan. The Tilden mine has been in operation since 1974. Over the past five years, the Tilden mine has produced between 6.9 million and 7.9 million tons of iron ore pellets annually.

Cliffs owns 85 percent of Tilden, with the remaining minority interest owned by U.S. Steel Canada. Each partner takes its share of production pro rata; however, provisions in the partnership agreement allow additional or reduced production to be delivered under certain circumstances. Cliffs owns all of the ore reserves at the Tilden mine and leases them to Tilden.

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The Empire and Tilden mines are located adjacent to each other. The logistical benefits include a consolidated transportation system, more efficient employee and equipment operating schedules, reduction in redundant facilities and workforce and best practices sharing.

Hibbing mine

The Hibbing mine is located in the center of Minnesota s Mesabi Iron Range and is approximately ten miles north of Hibbing, Minnesota and five miles west of Chisholm, Minnesota. The Hibbing mine has been in operation since 1976. Over the past five years, the Hibbing mine has produced between 7.4 million and 8.5 million tons of iron ore pellets annually.

Cliffs owns 23 percent of Hibbing, ArcelorMittal USA has a 62.3 percent interest, and U.S. Steel Canada has a 14.7 percent interest. Each partner takes its share of production pro rata; however, provisions in the joint venture agreement allow additional or reduced production to be delivered under certain circumstances.

Northshore mine

The Northshore mine is located in northeastern Minnesota, approximately two miles south of Babbitt, Minnesota on the northeastern end of the Mesabi Iron Range. Northshore s processing facilities are located in Silver Bay, Minnesota, near Lake Superior, on U.S. Highway 61. The Northshore mine has been in continuous operation since 1990. Over the past five years, the Northshore mine has produced between 4.8 million and 5.2 million tons of iron ore pellets annually.

The Northshore mine began production under Cliffs management and ownership on October 1, 1994. Cliffs owns 100 percent of the mine.

United Taconite mine

The United Taconite mine is located on Minnesota s Mesabi Iron Range in and around the city of Eveleth, Minnesota. The United Taconite concentrator and pelletizing facilities are located 10 miles south of the mine, near the town of Forbes, Minnesota. The main entrance to the concentrator and pelletizing facilities is on County Road 16, three miles west of State Highway 53. The mine has been operating since 1965. Over the past five years, the United Taconite mine has produced between 1.6 million and 5.3 million tons of iron ore pellets annually.

On July 11, 2008, Cliffs signed and closed on the acquisition of the remaining 30 percent interest in United Taconite, with an effective date of July 1, 2008. Upon consummation of the purchase, Cliffs ownership interest in United Taconite increased from 70 percent to 100 percent.

Wabush mine

The Wabush mine and concentrator is located in Wabush, Labrador, Newfoundland, and the pellet plant is located in Pointe Noire, Quebec, Canada. The Wabush mine has been in operation since 1965. Over the past five years, the Wabush mine has produced between 3.8 million and 5.2 million tons of iron ore pellets annually. Cliffs owns 26.8 percent of Wabush, Dofasco has a 28.6 percent interest and U.S. Steel Canada has a 44.6 percent interest.

North American Coal

Cliffs directly owns and operates the following three North American coal mines:

Pinnacle and Green Ridge mines

The Pinnacle Complex includes the Pinnacle and Green Ridge mines and is located approximately 30 miles southwest of Beckley, West Virginia. The Pinnacle mine has been in operation since 1969. Over the past five years, the Pinnacle mine has produced between 1.4 million and 2.5 million tons of coal annually. The Green Ridge mine has been in operation since 2004 and has produced between 0.4 million and 0.5 million tons of coal annually.

Oak Grove mine

The Oak Grove mine is located approximately 25 miles southwest of Birmingham, Alabama. The mine has been in operation since 1972. Over the past five years, the Oak Grove mine has produced between 1.3 million and 1.7 million tons of coal annually.

Asia-Pacific Iron Ore

Koolyanobbing

The Koolyanobbing operations are located 425 kilometers east of Perth and approximately 50 kilometers northeast of the town of Southern Cross. Koolyanobbing produces lump and fine iron ore. An expansion program was completed in 2006 to increase capacity from six to eight million tonnes per annum. The expansion was primarily driven by the development of iron ore resources at Mount Jackson and Windarling, located 80 kilometers and 100 kilometers north of the existing Koolyanobbing operations, respectively. Over the past five years, the Koolyanobbing operation has produced between 4.9 million and 7.6 million tonnes annually.

Cockatoo Island

The Cockatoo Island operation is located six kilometers to the west of Yampi Peninsula, in the Buccaneer Archipelago, and 140 kilometers north of Derby in the West Kimberley region of Western Australia. The island has been mined for iron ore since 1951, with a break in operations between 1985 and 1993. Over the past five years, Cockatoo Island has produced between 0.6 million and 1.4 million tonnes annually at the 100 percent ownership level.

Portman commenced a beneficiation project in 1993 that was completed in mid-2000. Portman owns a 50 percent interest in this joint venture to mine remnant iron ore deposits. Mining from this phase of the operation commenced in late 2000. Cockatoo Island production ceased at the end of the second quarter 2008, with shipments to continue into the third quarter 2008. Construction on a necessary extension of the existing seawall will commence in the third quarter 2008, with production anticipated to restart by the end of the second quarter 2009. This extension is expected to extend production for approximately two additional years. Ore is hauled by haul truck to the stockpiles, crushed and screened and then transferred by conveyor to the shiploader.

Transportation

Two railroads, one of which is wholly-owned by Cliffs, link the Empire and Tilden mines with Lake Michigan at the loading port of Escanaba, Michigan and with the Lake Superior loading port of Marquette, Michigan. From the Mesabi Range, Hibbing pellets are transported by rail to a shiploading port at Superior, Wisconsin. United Taconite pellets are shipped by railroad to the port of Duluth, Minnesota. At Northshore, crude ore is shipped by a wholly-owned railroad from the mine to processing and dock 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 the Wabush mine, concentrates are shipped by rail from the Scully mine at Wabush to Pointe Noire where they are pelletized for shipment via vessel within Canada, to the United States and other international destinations or shipped as concentrates for sinter feed.

Cliffs coal production is shipped domestically by rail, barge and/or truck. Coal for international customers is shipped through the port of Mobile, Alabama or Newport News, Virginia.

All of the ore mined at the Koolyanobbing operations is transported by rail to the Port of Esperance, 575 kilometers to the south for shipment to Asian customers. Direct ship premium fines mined at Cockatoo Island are loaded at a local dock.

Internal Control over Reserve Estimation

Cliffs has a corporate policy relating to internal control and procedures with respect to auditing and estimating mineral reserves. The procedures include the calculation of mineral reserves at each mine by mining engineers and geologists under the direction of Cliffs Chief Mining Engineer. Cliffs General Manager-Resource Technology compiles, reviews, and submits the calculations to the Corporate Accounting department, where the disclosures for Cliffs annual and quarterly reports are prepared based on those calculations. The draft disclosure is submitted to Cliffs General Manager-Resource Technology for further review and approval. The draft disclosures are then reviewed and approved by Cliffs Chief Financial Officer and Chief Executive Officer before inclusion in Cliffs annual and quarterly reports. Additionally, the long-range mine planning and mineral reserve estimates are reviewed annually by Cliffs Audit Committee. Furthermore, all changes to mineral reserve estimates, other than those due to production, are documented by Cliffs General Manager-Resource Technology and are submitted to Cliffs President and Chief Executive Officer for review and approval. Finally, Cliffs performs periodic reviews of long-range mine plans and mineral reserve estimates at mine staff meetings and senior management meetings.

Operations

In North America, Cliffs produced 21.8 million, 20.8 million and 22.1 million long tons of iron ore pellets in 2007, 2006 and 2005, respectively, for Cliffs account and 12.8 million, 12.8 million and 13.8 million long tons, respectively, on behalf of the steel company owners of the mines. Cliffs also produced 1.1 million short tons of coal in North America in 2007, representing Cliffs volume since the acquisition of PinnOak on July 31, 2007. In Australia, Cliffs produced 8.4 million tonnes, 7.7 million tonnes and 5.2 million tonnes in 2007, 2006 and 2005, respectively. Asia-Pacific Iron Ore s 2005 total represents production since the March 31, 2005 acquisition of a controlling interest in Portman. See Management s Discussion and Analysis of Financial Condition and Results of Operations of Cliffs beginning on page 145 for further information regarding production and sales volumes.

Cliffs business is subject to a number of operational factors that can affect Cliffs future profitability.

Mine Capacity and Ore Reserves

Reserves are defined by SEC Industry Standard Guide 7 as that part of a mineral deposit that could be economically and legally extracted and produced at the time of the reserve determination. All reserves are classified as proven or probable and are supported by life-of-mine plans.

North American Iron Ore

Cliffs 2008 ore reserve estimates for its iron ore mines as of December 31, 2007 were estimated from fully-designed open pits developed using three-dimensional modeling techniques. These fully designed pits incorporate design slopes, practical mining shapes and access ramps to assure the accuracy of Cliffs reserve estimates. The

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following tables reflect expected current annual capacity and economic ore reserves for Cliffs North American and Asia-Pacific iron ore mines as of December 31, 2007.

Mine	Iron Ore Mineralization	Current Annual Capacity	Mineral Reserves(2)(3) Current Year Proven	Probable	Total	Previous Year	Mineral Rights Owned	Leased	Method of Reserve Estimation
		Tons in millions(1)							
Empire	Negaunee Iron Formation Model (Magnetite)	5.5	10		10	13	57%	43%	Geologic Block
Tilden	Negaunee Iron Formation (Hematite / Magnetite)	8.0	210	42	252	259	100%	0%	Geologic Block Model
Hibbing Taconite	Biwabik Iron Formation (Magnetite)	8.0	129	16	145	152	3%	97%	Geologic Block Model
Northshore	Biwabik Iron Formation (Magnetite)	4.8	303	10	313	318	0%	100%	Geologic Block Mode
United Taconite	Biwabik Iron Formation (Magnetite)	5.2	133	16	149	119	0%	100%	Geologic Block Model
Wabush	Wabush Iron Formation (Hematite)	5.5	37	2	39	44	0%	100%	Geologic Block Model

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

(2) Estimated standard equivalent pellets, including both proven and probable reserves based on life-of-mine operating schedules.

(3) Cliffs regularly evaluates its reserves estimates and updated them in accordance with SEC Industry Guide 7.

In 2007, there were no changes in reserve estimates at Hibbing, Tilden, Northshore or Wabush, except for production.

A new ore reserve estimate was completed at United Taconite that incorporates increased iron ore pellet pricing, addition of new mining areas, and improved pit designs and production schedules. The updated ore reserve estimate calculated a 31 percent increase, or 35 million tons.

During 2007, the geologic resource model at Empire was updated by modifying an ore quality cut-off for oxidation. The net result of gains from a 2006 re-optimization of the life of mine pit design and losses due to this oxidized material resulted in an increase of two million tons in the remaining pellet reserves.

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Asia-Pacific Iron Ore

Mine Project	Iron Ore Mineralization	Current Annual Capacity	Mineral Reserves(2)(3) Current Year Proven	Probable	Total	Previous Year	Mineral Rights Owned	Leased	Method of Reserve Estimation
		Tons in millions(1)							
Koolyanobbing(4)	Banded Iron Formations Southern Cross Terrane Yilgarn Mineral Field (Hematite, Goethite)	8.0	7	88	95	87	0%	100%	Geologic Block Model
Cockatoo Island(5)	Sandstone Yampi Formation Kimberley Mineral Field (Hematite)	1.2		0.5	0.5	0.9	0%	100%	Geologic Block Model

(1) Tons are metric tonnes of 2,205 pounds.

(2) Reported ore reserves restricted to both proven and probable reserves based on life of mine operating schedules. Koolyanobbing reserves can be derived from up to 15 separate mineral deposits over a 100-kilometer operating distance. 7.4 million tonnes of the Koolyanobbing reserves are sourced from current long-term stockpiles.

(3) Cliffs regularly updates its reserves estimates in accordance with SEC Industry Guide 7 and the 2004 Edition of the Joint Ore Reserves Code.

(4) An expansion project was completed in 2006 that increased annual production capacity to 8 million tonnes.

(5) Portman has a 50 percent interest in the Cockatoo Island Joint Venture. Capacity and reserve totals represent 100 percent.

The increase in Koolyanobbing ore reserves is related to exploration success in expanding the mineral resource inventory and conversion of inferred resources to indicated resources. Mining at Cockatoo Island was conducted to deeper levels than originally planned during 2007, with mined production from the current Stage 2 pit now planned to continue until the second quarter of 2008. Product iron grades have also been lowered to assist extension of the mine life, but the revised grades still generate a premium fines product.

North American Coal

Cliffs 2008 reserve estimates for its North American underground coal mines as of December 31, 2007 were estimated using three-dimensional modeling techniques, coupled with mine plan designs. A complete re-estimation of the moist, recoverable coal reserves and life-of-mine plans was completed after the PinnOak acquisition. The following table reflects expected current annual capacities and economically recoverable reserves for Cliffs North American coal mines as of December 31, 2007.

		Current	Proven and Probable		Mineral Rights		Method of	
Mine(2)	Category	Annual Capacity	In-Place	Moist Recoverable	Owned	Leased	Reserve Estimation	Infrastructure
		Tons in millions(1)						
Pinnacle Complex		4.0			0%	100%	Geologic	Mine, Preparation
Pocahontas No 3	Assigned		126.0	62.9			Block Model	Plant, Load-out
Pocahontas No 4	Unassigned		32.8	11.1				
Oak Grove		2.5			0%	100%	Geologic	Mine, Preparation
Blue Creek Seam	Assigned		91.1	49.4			Block Model	Plant, Load-out
Total(3)		6.5	249.9	123.4				

(1) Short tons of 2,000 pounds.

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(2) All coal extracted by underground mining using longwall and continuous miner equipment.

(3) All recoverable coal is less than 1 percent sulfur and more than 13,000 Btu/lb. as received.

Asia-Pacific Coal

The 2008 reserve estimate for Cliffs Asia-Pacific coal mine as of December 31, 2007 is based on a Joint Ore Reserves Code-compliant resource estimate. An optimized pit design for an initial 10-year mine operating schedule was generated supporting the reserve estimate.

The following table reflects expected current annual capacity and economically recoverable reserves for Sonoma:

Mine(2)	Category	Current Annual Capacity	Proven and Probable In-Place	Moist Recoverable	Mineral Rights Owned	Mineral Rights Leased	Method of Reserve Estimation	Infrastructure
		Tons in millions(1)						
Sonoma Mine Moranbah Coal Measures B, C and E Seams	Assigned	3.0	48	27	8%	92%	Geologic Block Model	Mine, Preparation Plant, Load-out

(1) Metric tonnes of 2,205 pounds. In-place tons at eight percent moisture, recoverable clean tons at nine percent moisture. Reserves listed on 100 percent basis. Cliffs has an effective 45 percent interest in the joint venture.

(2) All coal is extracted by conventional surface mining techniques.

Sonoma s recoverable coal reserves are primarily metallurgical grade coal (standard coking coal plus low volatile coal for pulverized coal injection) and steam coal.

General Information about the Mines

Leases. Mining is conducted on multiple mineral leases having varying expiration dates. Mining leases are routinely renegotiated and renewed as they approach their respective expiration dates.

Exploration and Development. All iron ore mining operations are open-pit mines that are in production. Additional pit development is underway at each mine as required by long-range mine plans. At Cliffs North American Iron Ore mines, drilling programs are conducted periodically for the purpose of refining guidance related to ongoing operations.

The Biwabik, Negaunee, and Wabush Iron Formations are classified as Lake Superior type iron-formations that formed under similar sedimentary conditions in shallow marine basins approximately two billion years ago. Magnetite and/or hematite are the predominant iron oxide ore minerals present, with lesser amounts of goethite and limonite. Chert is the predominant waste mineral present, with lesser amounts of silicate and carbonate minerals. The ore minerals liberate from the waste minerals upon fine grinding.

All North American Coal mine operations are underground mines that are in production. Drilling programs are conducted periodically for the purpose of refining guidance related to ongoing operations. The Pocahontas No 3 and Blue Creek Coal Seams are Pennsylvanian Age low ash, high quality coals.

At Koolyanobbing, an exploration program targeting extensions to the iron ore resource base as well as regional exploration targets in the Yilgarn Mineral Field was active in 2007 and will continue in 2008. At Cockatoo Island, feasibility studies have been completed for a below-sea-level eastward mine pit extension. Environmental permitting has been initiated supporting this proposed extension to the Cockatoo mine life.

The mineralization at the Koolyanobbing operations is predominantly hematite and goethite replacements in greenstone-hosted banded iron-formations. Individual deposits tend to be small with complex ore-waste contact relationships. The Koolyanobbing operations reserves are derived from 15 separate mineral deposits distributed over a 100-kilometer operating radius. The mineralization at Cockatoo Island is predominantly friable, hematite-rich sandstone that produces premium high grade, low impurity direct shipping fines.

An exploration program providing geologic definition of the hematite mineralization at Amapá is ongoing.

Mineralized material at the Amapá mine is predominantly hematite occurring in weathered and leached greenstone-hosted banded iron-formation of the Archean Vila Nova Group. Variable degrees of leaching generate friable hematite mineralization suitable for either sinter feed production via crushing and gravity separation or pelletizing feed production via grinding and flotation.

In Australia, the Sonoma mine operation is an open-cut mine located in the northern section of Queensland s Bowen Basin. A mix of high quality metallurgical coal and thermal coal is recovered from the B and C seams of the Permian Mooranbah Coal Measures.

Geologic models are developed for all mines to define the major ore and waste rock types. Computerized block models are then constructed that include all relevant geologic and metallurgical data. These are used to generate grade and tonnage estimates, followed by detailed mine design and life of mine operating schedules.

Legal Proceedings

Alabama Dust Litigation. In 1996 and 1997, two cases (White, et al. v. USX Corporation, et al., and Weekley, et al. v. USX Corporation, et al.) were brought alleging that dust from the Concord Coal Preparation Plant damaged properties in the area. In 2002, the parties entered into settlement agreements with the former owner in exchange for a lump sum payment and the agreement to implement remedial measures. However, the plaintiffs were not required to dismiss their claims. PinnOak was added to these cases in 2004 and 2006. The plaintiffs in both these matters sought additional remediation measures, and Cliffs opposed that request. Currently, Cliffs is in discussions with the plaintiffs regarding a potential amendment to the settlement of the White matter, which would be subject to approval by the court. Any resolution of the matter would involve monitoring the level of particulate emissions from the Concord Coal Preparation Plant and implementing further remedial measures as necessary, and any amounts ultimately paid in connection with this case would not be material. The Weekley case is currently pending before the Supreme Court of Alabama on a petition for writ of mandamus, arguing that the case should be dismissed in light of the White class action. In addition to the two cases noted above, in 2004 approximately 160 individual plaintiffs brought an action (Waid, et al. v. U.S. Steel Mining Company, et al.) against PinnOak asserting injuries arising from particulate emissions from the Concord Coal Preparation Plant. The Waid case is also currently pending before the Supreme Court of Alabama on a petition for writ of mandamus, arguing that the case should be dismissed in light of the White class action.

In 2006, in Gamble, et al. v. PinnOak Resources, LLC, et al., 13 plaintiffs brought an action against PinnOak related to the operation of the Concord Coal Preparation Plant. These plaintiffs asserted that dangerous levels of coal dust emissions had been allowed to accumulate at that facility. Cliffs denied this allegation, and on April 15, 2008, the United States District Court for the Northern District of Alabama, Southern Division, dismissed the case without prejudice for lack of standing on the part of the plaintiffs.

Tilden Mine Threatened Pattern of Violations. On June 17, 2008, MSHA notified Tilden that it had conducted an initial screening of Tilden s compliance record. MSHA s notice indicated that based upon the screening a potential pattern of violations existed at the mine. Tilden met with MSHA on July 17, 2008 and presented a citation mitigation plan for the operation. Subsequently, MSHA inspected Tilden and Tilden is awaiting MSHA s determination of whether a pattern of violation exists.

Wabush Litigation. Cliffs has been named, along with two of its wholly-owned subsidiaries, Cliffs Mining Company and Wabush Iron Co. Limited, as defendants, along with U.S. Steel Canada, HLE Mining Limited Partnership and HLE Mining GP Inc. (collectively referred to as the U.S. Steel defendants), in an action brought before the Ontario

Superior Court of Justice by Dofasco. The action pertains to a contemplated transaction whereby Dofasco and/or certain of its affiliates would purchase Cliffs ownership interests and those of U.S. Steel defendants in Wabush. After six months of negotiations with no definitive agreements reached, both Cliffs and U.S. Steel defendants determined to withdraw from negotiations and retain their respective ownership interests in Wabush. Notice of the withdrawal was delivered to Dofasco on March 3, 2008.

On March 20, 2008, Dofasco commenced this action against both Cliffs and U.S. Steel. Dofasco s statement of claim demands specific performance of an alleged binding contract for Cliffs and U.S. Steel to sell their respective interests in Wabush with equitable compensation in the amount of C$427 million or, in the alternative, general damages in the amount of C$1.8 billion. Cliffs strongly disagrees with Dofasco s allegations and intends to defend this case vigorously. On May 14, 2008, U.S. Steel defendants filed a notice of motion to dismiss the action. Cliffs filed an identical notice of motion on May 15, 2008. A two-day hearing was held on the respective motions of the U.S. Steel defendants and Cliffs on June 23, 2008 and June 24, 2008. A ruling from the court is still pending.

ArcelorMittal Arbitrations. On March 18, 2008, ArcelorMittal USA filed two demands for arbitration with the American Arbitration Association, which is referred to as AAA, with respect to the March 1, 2007 umbrella agreement between ArcelorMittal USA and some of Cliffs operations. In one demand for arbitration, ArcelorMittal USA alleged that Cliffs had breached the umbrella agreement by refusing to honor ArcelorMittal USA s revised 2008 nomination for an additional 1,450,000 gross tons of iron ore pellets for export to ArcelorMittal USA s facilities located outside of the United States. In the other demand for arbitration, ArcelorMittal USA requested a ruling from the AAA that, under the terms of the umbrella agreement, ArcelorMittal USA may transfer iron ore pellets purchased in 2009 and 2010 under the umbrella agreement to any iron and steel making facility owned directly or indirectly by Mittal Steel Company N.V., or Mittal. Both arbitrations are in very early stages. Cliffs intends to defend both arbitrations vigorously.

M.M. Silta, Inc. v. Cleveland-Cliffs Inc et al. In August 2006, M.M. Silta, Inc., or Silta, sued Cliffs and two of its subsidiaries, Cliffs Mining Company and Cliffs Erie, L.L.C., or Cliffs Erie, for breach of two separate contracts entered into between Silta and Cliffs Erie. Silta alleged that Cliffs Erie had breached both a reclamation services agreement, pursuant to which Silta recovered, screened and loaded recovered iron ore pellets, chips and fines from the ore yard at the former LTVSMC, and a breaker sales agreement, pursuant to which Silta purchased for scrap certain circuit breakers located in the processing plant at the former LTVSMC. This dispute went to trial in March 2008. On March 13, 2008, a jury ruled in favor of Cliffs in connection with the alleged breach of the reclamation services agreement and in favor of Silta on the alleged breach of the breaker sales agreement, awarding Silta $6.8 million. Cliffs filed a motion with the trial court for judgment as a matter of law and a motion for a new trial, both of which were denied by the trial court. A notice of appeal was filed, but no briefs have been filed to date.

United Taconite Air Emissions Matter. On March 27, 2008, United Taconite received a DSA from the MPCA alleging various air emissions violations of the facility s air permit limit conditions, reporting and testing requirements. The allegations generally stem from procedures put in place prior to 2004 when Cliffs first acquired its interest in the mine. The DSA requires the facility to install continuous emissions monitoring, evaluate compliance procedures, submit a plan to implement procedures to eliminate air deviations during the relevant time period, and proposes a civil penalty in an amount to be determined. While United Taconite does not agree with MPCA s allegations, United Taconite and the MPCA continue discussions on the matter with the intent of working toward a mutual resolution.

Maritime Asbestos Litigation. As previously disclosed, The Cleveland-Cliffs Iron Company and/or The Cleveland-Cliffs Steamship Company have been named defendants in 485 actions brought from 1986 to date by former seamen 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 Cliffs entities until the mid-1980s. All of 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 ship-owners and other defendants. All of these cases have been dismissed without prejudice, but can be reinstated upon application by plaintiffs counsel. The claims against Cliffs entities are insured in amounts that vary by policy year; however, the manner in which these retentions will be applied remains uncertain. Cliffs entities continue to vigorously contest these claims and have made no settlements on them.

The Rio Tinto Mine Site. The Rio Tinto Mine Site is a historic underground copper mine located near Mountain City, Nevada, where tailings were placed in Mill Creek, a tributary to the Owyhee River. Site investigation and remediation work is being conducted in accordance with a consent order between the Nevada Department of Environmental Protection, or NDEP and the RTWG composed of Cliffs, Atlantic Richfield Company, Teck Cominco American Incorporated, and E. I. du Pont de Nemours and Company. The consent order provides for technical review by the U.S. Department of the Interior Bureau of Indian Affairs, the U.S. Fish & Wildlife Service, U.S. Department of Agriculture Forest Service, the NDEP and the Shoshone-Paiute Tribes of the

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Duck Valley Reservation (collectively referred to as the Rio Tinto trustees). The Consent Order is currently projected to continue 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 NRD. The RTWG commented on the plans and also are in discussions with the Rio Tinto trustees informally about those plans. The notice of plan availability is a step in the damage assessment process. The studies presented in the plan may lead to a NRD claim under Comprehensive Environmental Response, Compensation and Liability Act. There is no monetized NRD claim at this time.

The focus of the RTWG was on development of alternatives for remediation of the mine site. A draft of an alternatives study was reviewed with NDEP, the EPA and the Rio Tinto trustees and as of December 31, 2006, the alternatives have essentially been reduced to two: (1) tailings stabilization and long-term water treatment; and (2) removal of the tailings. The estimated costs range from approximately $10 million to $30.5 million. During 2007 a number of meetings were held with the NDEP, the EPA, and the Rio Tinto trustees (collectively referred to as the RTAG) regarding the remedial alternatives. Following a number of studies undertaken to evaluate the feasibility of a modified alternative for removal of the tailings, it was suggested that this could be the basis for a global settlement , incorporating both site remediation and potential NRD claims. During the fourth quarter of 2007, initial positions for a global settlement were exchanged between RTWG and RTAG. In recognition of the potential for an NRD claim, the parties are actively pursuing a global settlement that would include the EPA and encompass both the remedial action and the NRD issues. Cliffs increased its reserve by $3.0 million in the second quarter of 2008 to reflect its estimated costs for completing the work under the existing consent order and its share of the eventual remediation costs based on a consideration of the various remedial measures and related cost estimates, which are currently under review.

Northshore Air Permit Matters. On December 16, 2006, Northshore submitted an application to the MPCA for an administrative amendment to its air pollution operating permit. The proposed amendment requested the deletion of a term in the air permit that was derived from a court case brought against the Silver Bay taconite operations in 1972. The permit term incorporated elements of the court-ordered requirement to reduce fiber emissions to below a medically significant level by installing controls that would be deemed adequate if the fiber levels in Silver Bay were below those of a control city such as St. Paul . Cliffs requested deletion of this control city permit requirement on the grounds that the court-ordered requirements had been satisfied more than 20 years ago and should no longer be included in the permit. The MPCA denied Cliffs application on February 23, 2007. Cliffs appealed the denial to the Minnesota Court of Appeals. The court of appeals ruled in MPCA s favor. Subsequent to the court of appeals ruling, Northshore filed a major permit amendment on August 28, 2008 to remove the control city requirement from its permit. The permit amendment is currently pending.

Subsequent to the filing of the appeal, the MPCA alleged that Northshore was in violation of the control city standard based on new data that the MPCA collected showing that current fiber levels in St. Paul were lower than in Silver Bay for a period in 2007. Northshore filed a motion with the U.S. District Court for the District of Minnesota to re-open the original Reserve Mining case, requesting that the court declare the control city standard satisfied and the court s injunction voided, or if the control city standard remained in effect, clarify that it was a fixed standard set at the 1980 level rather than a moving standard, referred to as the federal suit. Shortly thereafter, the Save Lake Superior Association and the Sierra Club filed a lawsuit in U.S. District Court for the District of Minnesota with respect to alleged violations of the control city standard, referred to as the citizens suit. On September 20, 2007, the court granted Northshore s motion to stay the citizen s suit pending resolution of the federal suit. A joint stipulation for dismissal with prejudice of the citizens suit is pending before the court.

The court entered an order in the federal suit on December 21, 2007, concluding that the 1975 federal court injunction from the case no longer had any force or effect. However, the court s order also stated that the control city standard was a state permit requirement that can only be addressed in state court. While the determination that the 1975 federal injunction no longer has any effect is favorable, Northshore is currently analyzing the implications of the federal court order with respect to Northshore s operating permit and pending state appeal. On February 19, 2008, Northshore filed an appeal of certain aspects of the federal court s order.

On July 28, 2008, the MPCA issued a NOV to Northshore alleging violations related to the control city standard for the period of March 2006 through October 2007, specifically with respect to MPCA s interpretation of the control city standard s emission limits and related monitoring and reporting requirements. The NOV states that Northshore has been in compliance with MPCA s interpretation of the standard since October 2007, but requires corrective actions relating to operating and maintaining facilities of treatment and control to remain in compliance. Although the NOV does not seek civil penalties, it contains various requests for information and reserves the right for MPCA to take further action. Northshore disputes the allegations contained in the NOV and is currently assessing its legal/administrative options.

American Steamship Litigation. One of Cliffs subsidiaries, Cliffs Sales Company, currently contracts with American Steamship Company, or ASC, for the transportation of iron ore pellets from various ports on the Great Lakes to a blast furnace ore dock in Cleveland, Ohio. There are nine years remaining on that contract and Cliffs filed suit against ASC on February 21, 2007 alleging breach of contract and unjust enrichment claims for damages in connection with overcharges by ASC for fuel adjustments. Cliffs also requested declaratory relief for the fuel adjustment provisions of the contract as well as with respect to ASC s obligation to shuttle iron ore. On May 18, 2007, ASC filed its own action against Cliffs Sales Company and adding Northshore Mining Company and Oglebay Norton Marine Services Company, LLC, as parties. ASC requested declaratory relief stating that its fuel adjustment charges were proper and that it had no obligation to shuttle iron ore during the winter. ASC also requested damages in connection with an alleged anticipatory breach of the contract based on Cliffs breach of contract claims. Both cases were consolidated for purposes of discovery.

On May 20, 2008, a jury returned a verdict in favor of Cliffs Sales Company with respect to overcharges for fuel adjustments. The jury awarded Cliffs Sales Company damages totaling $3.7 million. It was determined that Oglebay Norton was responsible for $1.7 million of the damages and ASC was responsible for the remaining $2.0 million of damages to Cliffs. The jury stated that ASC could only charge an additional half cent fuel surcharge on shuttles to a blast furnace ore dock in Cleveland, Ohio when the ore was delivered to Cleveland Bulk Terminal by a non-ASC vessel. The jury found against Cliffs Sales Company finding that ASC was not obligated to provide winter shuttle service. Cliffs Sales Company filed a motion for the payment of interest on the amounts due to Cliffs Sales Company, as well as for Cliffs costs for trying. ASC and Oglebay Norton s motions for new trial and for judgment as a matter of law were denied. Oglebay Norton has agreed not to file an appeal.

West Virginia Flood Litigation. As of February 2008, Cliffs Pinnacle Mining Company has been named as a defendant in six lawsuits brought against over sixty defendants who were allegedly involved in land disturbing activities (primarily mining or logging) in Wyoming County, West Virginia. In each case the plaintiffs allege that these activities in Wyoming County resulted in flooding on or after July 8, 2001. The plaintiffs seek a permanent injunction and unstated personal and property damages under a number of legal theories. Cliffs is currently investigating these cases. Cliffs intends to defend these cases vigorously.

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INFORMATION ABOUT ALPHA

Alpha is a leading Appalachian coal supplier. Alpha produces, processes and sells steam and metallurgical coal from eight regional business units, which, as of June 30, 2008, were supported by 32 active underground mines, 26 active surface mines and 11 preparation plants located throughout Virginia, West Virginia, Kentucky, and Pennsylvania, as well as a road construction business in West Virginia and Virginia that recovers coal. Alpha is also actively involved in the purchase and resale of coal mined by others, the majority of which Alpha blends with coal produced from its mines, allowing it to realize a higher overall margin for the blended product than it would be able to achieve selling these coals separately.

For the three months and six months ended June 30, 2008, sales of steam coal were 4.4 and 8.3 million tons, respectively, and accounted for approximately 56% and 57%, respectively, of Alpha s coal sales volume. For the three and six months ended June 30, 2008, sales of metallurgical coal, which generally sells at a premium over steam coal, were 3.4 and 6.3 million tons, respectively, and accounted for approximately 44% and 43%, respectively of Alpha s sales volume. Alpha s sales of steam coal were made to large utilities and industrial customers in the Eastern region of the United States, and its sales of metallurgical coal were made to steel companies in the Northeastern and Midwestern regions of the United States and in several countries in Europe, South America, Africa and Asia. Approximately 52% of Alpha s coal sales and freight revenue in the first six months of 2008 was derives from sales made outside the United States, primarily in Turkey, Brazil, Egypt, Hungary, Canada and Russia.

As of December 31, 2007, Alpha owned or leased 617.5 million tons of proven and probable coal reserves. Of Alpha s total proven and probable reserves, approximately 82% are low sulfur reserves, with approximately 57% having sulfur content below 1%. Approximately 89% of Alpha s total proven and probable reserves have a high Btu content which creates more energy per unit when burned compared to coals with lower Btu content.

Additional information about Alpha and its subsidiaries is included in documents incorporated by reference in this joint proxy statement/prospectus. See Where You Can Find More Information beginning on page 239.

The principal executive office of Alpha is located at One Alpha Place, P.O. Box 2345, Abingdon, Virginia, and its telephone number is (276) 691-4410.

MATERIAL CONTRACTS BETWEEN CLIFFS AND ITS AFFILIATES AND ALPHA AND ITS AFFILIATES

Other than the merger agreement, the Confidentiality Agreement dated June 21, 2007, between Alpha and Cliffs, and the Clean Team Confidentiality Agreement dated June 24, 2008 between Alpha and Cliffs, there are no other material contracts between Cliffs and its affiliates, on the one hand, and Alpha and its affiliates, on the other hand.

As of the date of the merger agreement, no executive officer or director of Alpha had any arrangement or understanding with Cliffs regarding employment with or provision of services to the combined company, except as described in the merger agreement and this joint proxy statement/prospectus. See The Merger Agreement Directors and Officers of the Surviving Company on page 98 and The Merger Interests of Alpha Executive Officers and Directors in the Merger beginning on page 84. As of the date of this joint proxy statement/prospectus, no executive officer of Alpha has entered into any agreement with Cliffs as to terms and conditions of employment with the combined company.

**MANAGEMENT S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF CLIFFS**

Any information required to be disclosed and not already included in this Management s Discussion and Analysis of Financial Condition and Results of Operations of Cliffs section is disclosed in documents incorporated by reference in this joint proxy statement/prospectus. See Where You Can Find More Information beginning on page 239.

Overview

Cliffs is an international mining company, the largest producer of iron ore pellets in North America, and a major supplier of metallurgical coal to the global steelmaking industry. Cliffs operates six iron ore mines located in Michigan, Minnesota and Eastern Canada, and three coking coal mines in West Virginia and Alabama. Cliffs owns a majority control interest in Portman, a large iron ore mining company in Australia, serving the Asian iron ore markets with direct-shipping fines and lump ore. Cliffs also owns a 30 percent interest in Amapá, a Brazilian iron ore project, and a 45 percent economic interest in Sonoma, an Australian coking and thermal coal project.

Cliffs continued to deliver strong financial performance in 2007 and the first six months of 2008. Revenues for 2007 increased to $2.3 billion, with net income of $2.57 per diluted share. This compares with revenues of $1.9 billion and net income of $2.60 per diluted share in 2006. Revenues for the first six months of 2008 increased to $1.5 billion, with net income of $2.73 per diluted share. This compares with revenues of $0.9 billion and net income of $1.14 per diluted share in the first six months of 2007.

Global crude steel growth, a significant driver of Cliffs business, was up approximately seven percent in 2007 from 2006 and up approximately six percent for the first six months of 2008 from the prior period with supply and demand of steel raw materials extremely tight. In North America, the relining of two of Cliffs customers blast furnaces, as well as softness in steel pricing over the summer, did not prevent Cliffs from reaching 22 million sales tons of iron ore in North America in 2007. Reasonable industry fundamentals returned in the fall of 2007 and most producers reacted to lower service center inventories by achieving multiple rounds of price increases. Steelmakers in China continue their strong demand for iron ore as Cliffs Asia-Pacific Iron Ore segment produced near capacity with over eight million sales tonnes in 2007.

World-wide demand for metallurgical coal increased throughout 2007 and the first six months of 2008 as port constraints in Australia and production problems at large mines in the United States continued to place upward pressure on pricing.

Cliffs is engaged with expanding its leadership position in the industry by focusing on high product quality, technical excellence, superior relationships with its customers and partners and improved operational efficiency through cost saving initiatives. Cliffs operates a fully-equipped research and development facility in Ishpeming, Michigan. Cliffs research and development group is staffed with experienced engineers and scientists and is organized to support the geological interpretation, process mineralogy, mine engineering, mineral processing, pyrometallurgy, advanced process control and analytical service disciplines. Cliffs research and development group is also utilized by iron ore pellet customers for laboratory testing and simulation of blast furnace conditions.

Segments

Cliffs organizes its business according to product category and geographic location: North American Iron Ore, North American Coal, Asia-Pacific Iron Ore, Asia-Pacific Coal and Latin American Iron Ore. The Asia-Pacific Coal and

Latin American Iron Ore businesses do not meet the criteria for reporting segments and are in the early stages of production.

The North American Iron Ore segment is comprised of Cliffs interests in six North American mines that provide iron ore to the integrated steel industry. The North American Coal segment is comprised of Cliffs three North American coal mines that provide metallurgical coal to the integrated steel industry. The Asia-Pacific Iron Ore segment, comprised of Cliffs interests in Portman, is located in Western Australia and provides iron ore to steel producers in China and Japan. There are no intersegment revenues.

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The Asia-Pacific Coal operating segment is comprised of Cliffs 45 percent economic interest in Sonoma, located in Queensland, Australia, which is in the early stages of production. The Latin American Iron Ore operating segment is comprised of Cliffs 30 percent Amapá interest in Brazil, which is also in the early stages of production. As a result, the Asia-Pacific Coal and Latin American Iron Ore operating segments do not meet reportable segment disclosure requirements and therefore are not separately reported.

Cliffs Asia-Pacific headquarters are located in Perth, Australia. Cliffs Latin American headquarters are located in Rio de Janeiro, Brazil. Cliffs International Mineração Brasil, Ltda and Cliffs Asia-Pacific Pty Limited provide technical and administrative support for Cliffs assets in Latin America and Australia, respectively, as well as new business development services in these regions. All North American business segments are headquartered in Cleveland, Ohio. Offices in Duluth, Minnesota, have shared services groups supporting the North American business segments. Cliffs Technology Group is located in Ishpeming, Michigan.

Cliffs evaluates segment performance based on sales margin, defined as revenues less cost of goods sold identifiable to each segment. This measure of operating performance is an effective measurement as Cliffs focuses on reducing production costs throughout Cliffs.

See Note 6 of the Cliffs unaudited consolidated financial statements as of and for the six months ended June 30, 2008 and Note 4 of the Cliffs audited consolidated financial statements as of and for the year ended December 31, 2007, which are included elsewhere in this joint proxy statement/prospectus, for further information.

Growth Strategy and Strategic Transactions

Cliffs expects to grow its business and presence as an international mining company by expanding both geographically and through the minerals that Cliffs mines and markets. Cliffs investments in Australia and Latin America, as well as acquisitions in minerals outside of iron ore, such as coal, illustrate the execution of this strategy. In 2007 and the first six months of 2008, Cliffs continued its strategic transformation to an international mining company through the following acquisitions and partnerships:

AusQuest. On September 11, 2008, Cliffs, through its wholly-owned subsidiary, Cliffs Australia Holdings Pty Ltd, announced a strategic alliance and subscription and option agreement with a diversified Australian exploration company, AusQuest. Under the agreement reached, Cliffs will acquire a 30 percent fully diluted interest in AusQuest through a staged issue of shares and options. Subject to AusQuest s shareholders and Australian Foreign Investment Review Board approval, Cliffs will make an initial A$26 million subscription at A$0.40 per share and appoint a representative to the AusQuest board. This strategic alliance provides Cliffs with both the right to support AusQuest s future raising of capital, as well as certain rights in relation to any future sale or other disposal of AusQuest s explorative assets.

United Taconite. On July 11, 2008, Cliffs signed and closed on the acquisition of the remaining 30 percent interest in United Taconite, with an effective date of July 1, 2008. Upon consummation of the purchase, Cliffs ownership interest increased from 70 percent to 100 percent. Consideration paid for the acquisition was a combination of $100 million in cash, approximately 4.3 million of Cliffs common shares and 1.2 million tons of iron ore pellets to be provided throughout 2008 and 2009.

Portman. On May 21, 2008, Portman announced a tender offer to repurchase up to 16.5 million shares, or 9.39 percent of its common stock. On that date, Cliffs owned 80.4 percent of approximately 176 million shares outstanding in Portman and indicated it would not participate in the tender buyback. Under the share tender program, eligible shareholders could offer to sell some or all of their shareholdings at a fixed-price discount of 14 percent to the volume-weighted average price of Portman shares trade on the Australian Stock Exchange during the five trading days after the date of the announcement. The tender period closed on June 24, 2008. Under the buyback, 9.8 million fully paid ordinary shares were tendered at a price of A$14.66 per share. The total consideration paid under the buyback was A$143.3 million. As a result of the buyback, Cliffs ownership interest in Portman increased from 80.4 percent to 85.2 percent. In order to enable Cliffs to move to full ownership of Portman, on September 10, 2008, Cliffs announced an off-market takeover offer to acquire, through its wholly-owned subsidiary, Cliffs Asia-Pacific Pty Limited, all of the shares in Portman that Cliffs does not already own. The offer is a last and final cash offer at a price of A$21.50 per Portman share. As of October 13, 2008, Cliffs had received acceptances of the offer, which effectively increased Cliffs ownership interest in Portman to 89.8 percent.

Golden West. In 2008, Portman acquired 24 million shares of Golden West, a Western Australia iron ore exploration company, which represents approximately 17.6 percent of its outstanding shares. Acquisition of the shares represents an investment of approximately $27 million. Golden West owns the Wiluna West exploration ore project in Western Australia, containing a resource of 119 million metric tons of ore. The purchase provides Portman a strategic interest in Golden West and its Wiluna West exploration ore project.

Renewafuel. In November 2007, Cliffs acquired a 70 percent controlling interest in Renewafuel. Founded in 2005, Renewafuel produces high-quality, dense fuel cubes made from renewable and consistently available components such as corn stalks, switch grass, grains, soybean and oat hulls, wood, and wood byproducts. This is a strategic investment that provides an opportunity to utilize a green solution for further reduction of emissions consistent with Cliffs objective to contain costs and enhance efficiencies in a socially responsible manner. In addition to the potential use of Renewafuel s biofuel cubes in Cliffs production process, the cubes will be marketable to other organizations as a potential substitute for Western coal and natural gas. During the second quarter of 2008, Renewafuel announced it would build a next-generation biomass fuel production facility at the Telkite Technology Park in Marquette, Michigan. Projected to begin operations in the first quarter of 2009, the plant would annually produce 150,000 tons of high-energy, low-emission biofuel. The capital cost for the facility is estimated to be approximately $10 million.

PinnOak. Cliffs North American Coal segment is comprised of the PinnOak acquisition completed on July 31, 2007. PinnOak was a privately-owned U.S. producer of high-quality, low-volatile metallurgical coal. The acquisition furthers Cliffs growth strategy and expands Cliffs diversification of products for the integrated steel industry. The purchase price of PinnOak and its subsidiary operating companies was $450 million in cash, of which $108.4 million was deferred until December 31, 2009, plus the assumption of approximately $160 million in debt, which was repaid at closing. The purchase agreement also included a contingent earn-out, which ranged from $0 to approximately $300 million dependent on PinnOak s performance in 2008 and 2009. On October 3, 2008, Cliffs and the former owners of PinnOak entered into a payment agreement, which amended the PinnOak purchase agreement to accelerate the payment of the deferred portion of the purchase price and the earnout. Pursuant to the payment agreement, the estimated present value of the deferred portion and the earnout payment was set at approximately $260 million. Cliffs issued 4,000,000 of its common shares to the former owners in PinnOak, which satisfied all of Cliffs payment obligations in connection with the PinnOak acquisition. PinnOak s operations include two complexes comprising three underground mines the Pinnacle and Green Ridge mines in southern West Virginia and the Oak Grove mine near Birmingham, Alabama. Combined, the mines have rated capacity to produce 6.5 million short tons of premium-quality metallurgical coal annually.

Kobe Steel Alliance. On June 19, 2007, Cliffs entered into an alliance whereby Kobe Steel agreed to license its patented ITmk3® iron-making technology to Cliffs. The alliance, which has a 10-year term, covers use of the proprietary process in the United States and Canada, Australia and Brazil, and may be expanded to include other geographic regions. Used for the production of high-purity iron nuggets containing more than 96 percent iron, the ITmk3® process provides the means to create high-quality raw materials for electric arc furnaces, or EAFs, a market that Cliffs does not currently supply. Steel producers utilizing EAFs currently account for 60 percent of North America s steelmaking capacity. On August 22, 2007, IronUnits LLC and its joint venture partner, Kobe Iron Nugget LLC formed Michigan Iron Nugget LLC. This new entity is the first manifestation of the Cliffs/Kobe alliance and will oversee the feasibility stage of building a commercial iron nugget plant in Marquette County, Michigan.

Sonoma. On April 18, 2007, Cliffs executed agreements to participate in Sonoma, a coking and thermal coal project located in Queensland, Australia. As of December 31, 2007, Cliffs invested $120.1 million to acquire and develop mining tenements and related infrastructure including the construction of a washplant, which will produce coal to meet the growing global demand. Cliffs total investment in Sonoma is estimated to be $127.7 million. Immediately preceding Cliffs investment in Sonoma, QCoal Pty Ltd, which is referred to as QCoal, owned exploration permits and applications for mining leases for the real estate that is involved in Sonoma, or the Sonoma mining assets; however, development of the Sonoma mining assets requires significant infrastructure including the construction of a rail loop and related equipment, referred to as the Sonoma non-mining assets, and a facility that prepares the extracted coal for sale, or the Sonoma washplant. Pursuant to a combination of interrelated agreements creating a structure whereby Cliffs owns 100 percent of the Sonoma washplant, 8.33 percent of the Sonoma mining assets and 45 percent of the Sonoma non-mining assets, Cliffs obtained a 45 percent economic interest in the collective operations of Sonoma.

Mining operations reached a milestone in December 2007, when the first coal was extracted from the mine. Severe flooding at the mine in mid-February 2008 caused a delay in previously scheduled shipments. Incorporating the effects of the flooding, Cliffs expects total production of 2.0 million tonnes for 2008 and three to four million tonnes annually in 2009 and beyond. Production will include a mix of hard coking coal and thermal coal.

Amapá. On March 5, 2007, Cliffs acquired a 30 percent interest in Amapá, a Brazilian iron ore project, through the acquisition of 100 percent of the shares of Centennial Asset Participacoes Amapá S.A., which is referred to as Centennial Amapá, for approximately $133 million. The remaining 70 percent of Amapá was owned by MMX, which managed the construction and operations of Amapá while Cliffs supplied supplemental technical support. On August 5, 2008, Anglo American plc acquired a controlling interest in MMX s 51 percent interest in the Minas-Rio iron ore project and its 70 percent interest in Amapá.

Total project funding requirements are estimated to be between $550 and $650 million (Cliffs share $165 million to $195 million), including approximately $415 million to $490 million (Cliffs share $125 million to $147 million) to be funded with project debt, and approximately $135 million to $160 million (Cliffs share $40 million to $48 million) to be funded with equity contributions. As of June 30, 2008, Amapá had long-term project debt outstanding of approximately $338 million, for which Cliffs has provided a several guarantee of its 30 percent share. Amapá has engaged in ongoing discussions with its lenders regarding loan amendments to address several loan covenant violations related to project delays, higher construction expenditures, debt-to-equity ratios and deliveries under its long-term supply agreement with an operator of an iron ore pelletizing plant in the Kingdom of Bahrain. In addition, on June 30, 2008, Amapá had total short-term loans outstanding of $188.9 million. Cliffs subsequently provided a several guarantee in July 2008 on its 30 percent share of the total debt outstanding, or $159.1 million.

Amapá consists of a significant iron ore deposit, a 192-kilometer railway connecting the mine location to an existing port facility and 71 hectares of real estate on the banks of the Amazon River, reserved for a loading terminal. Amapá began production of sinter fines in late-December 2007. It is expected that completion of construction of the concentrator and ramp-up of production will occur in 2008. Production and sales for 2008 are expected to total approximately three million tonnes for 2008. Once fully operational, production is targeted at 6.5 million tonnes of fines products annually beginning in 2009.

Safety

Safety remains the No. 1 priority within Cliffs. Cliffs continuous improvement efforts in this area resulted in a reportable incident rate, as defined by MSHA, of 1.93 in North America, or 38 basis points below last year s result of 2.31. Cliffs newly acquired North American Coal operations achieved a 6.09 reportable incident rate since the July 31, 2007 acquisition. The MSHA reportable incident rate at underground bituminous coal mines was 7.36 for 2006.

At Cliffs Asia-Pacific Iron Ore operations, Koolyanobbing s Lost Time Injury Frequency Rate, or LTIFR, for 2007 was 4.14, which is higher than 2006 result of 3.5. During 2007, six Lost Time Injuries, or LTIs, were recorded at the Koolyanobbing operation. At Cockatoo Island, three LTI s were incurred, resulting in a LTIFR of 6.1 for the year, compared with two LTI s, resulting in a LTIFR of 7.87 in 2006. Asia-Pacific Iron Ore safety statistics include employees and contractors.

Results of Operations

Three- and Six-Month Period Ended June 30, 2008 Compared to Three- and Six-Month Period Ended June 30, 2007

North American Iron Ore

Following is a summary of North American Iron Ore results for the three months ended June 30, 2008 and 2007:

	Three Months Ended June 30,		Change Due to (In millions)			
	2008	2007	Sales Price and Rate	Sales Volume	Freight and Reimbursements	Total Change
Revenues from product sales and services	$ 643.4	$ 432.8	$ 202.8	$ 2.5	$ 5.3	$ 210.6
Cost of goods sold and operating expense	(370.8)	(328.4)	(35.1)	(2.0)	(5.3)	(42.4)
Sales margin	$ 272.6	$ 104.4	$ 167.7	$ 0.5	$	$ 168.2
Sales tons	5.5	5.4				

Following is a summary of North American Iron Ore results for the six months ended June 30, 2008 and 2007:

	Six Months Ended June 30,		Change Due to (In millions)			
	2008	2007	Sales Price and Rate	Sales Volume	Freight and Reimbursements	Total Change
Revenues from product sales and services	$ 922.2	$ 658.0	$ 229.8	$ 18.9	$ 15.5	$ 264.2
Cost of goods sold and operating expense	(585.0)	(516.3)	(39.3)	(13.9)	(15.5)	(68.7)
Sales margin	$ 337.2	$ 141.7	$ 190.5	$ 5.0	$	$ 195.5
Sales tons	8.2	7.9				

The sales revenue increase for the second quarter and first half of 2008 was primarily due to higher sales prices combined with slight increases in sales volume. Sales price increases of approximately 56 percent in the quarter and

42 percent for the year to date primarily reflected the impact from higher steel prices, renegotiated and new long-term supply agreements with certain customers and other contractual price adjustment factors. Included in second quarter 2008 revenues was $84.3 million related to supplemental steel payments, compared with $20.0 million for the same period last year. For the first half of 2008, revenue included $110.3 million related to the supplemental payments compared with $29.6 million for the first six months of 2007. The higher sales volume for both the quarter and first half of 2008 is primarily due to increased demand.

In addition, based on settlement of 87 percent price increases in the iron ore pellet benchmarks referenced in certain of Cliffs North American Iron Ore sales contracts, approximately $5 million of additional product revenue, or $0.91 per ton, related to first quarter sales was recognized in the second quarter of 2008 upon settlement.

On May 30, 2008, Cliffs entered into a term sheet with Algoma amending the term supply agreement with Algoma. As previously disclosed, Algoma, a Canadian steelmaker and subsidiary of Essar Steel Holdings Limited, had requested a price renegotiation for 2008 pricing under the terms of the agreement. The term sheet establishes the price for 2008 and provides for the sale of additional tonnage to Algoma for 2008 and 2009. Pricing for 2009 and beyond will be determined in accordance with the original terms of the agreement with Algoma.

The cost of goods sold and operating expense increase in the second quarter and first half of 2008 was primarily due to higher costs of production and higher reimbursable freight and minority interest costs. Contributing to the increase in both the second quarter and first six months of 2008 were higher fuel and energy costs of $14.7 million and $19.1 million, respectively, compared to the same periods in 2007. Costs of goods sold and

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operating expense for the first half of 2008 were also higher due to major furnace repairs at Empire and United Taconite during the first quarter.

Production

Following is a summary of iron ore production tonnage for 2008 and 2007:

	Second Quarter		First Six Months		Full Year	
	2008	2007	2008	2007	2008(1)	2007
			(In millions)(2)			
Mine:						
Empire	1.4	1.3	2.6	2.5	4.2	4.9
Tilden	2.2	2.3	3.8	3.7	8.4	7.2
Hibbing	2.0	2.1	4.0	3.3	8.1	7.4
Northshore	1.5	1.3	2.8	2.6	5.7	5.2
United Taconite	1.5	1.4	2.7	2.6	5.5	5.3
Wabush	1.1	1.1	2.1	2.2	4.6	4.6
Total	9.7	9.5	18.0	16.9	36.5	34.6
Cliffs share of total	6.3	6.0	11.5	10.8	24.0	21.8

(1) Estimate

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

The increase in Hibbing s production for the first six months of 2008 compared to the comparable prior year period was a result of the shutdown in late February 2007 due to severe weather conditions that caused significant buildup of ice in the basin supplying water to the processing facility. The full year production loss in 2007 totaled approximately 0.8 million tons (Cliffs share is 0.2 million tons).

The increase in second quarter production at Northshore was due to reactivation of one of its furnaces at the end of March 2008. Accordingly, production at Northshore is expected to benefit from an incremental increase of approximately 0.6 million tons in 2008 and 0.8 million tons annually thereafter.

Production for 2008 at Empire and Tilden was previously expected to be 4.0 million tons and 7.9 million tons, respectively. However, based on the recently announced capital expansion project at the mines, Cliffs has increased its rate of production and expects to produce 4.2 million tons at Empire in 2008. As part of the capacity expansion, Cliffs will also mine additional ore from its Tilden mine, located adjacent to Empire, and process it utilizing additional processing capacity at Empire. As a result, Cliffs expects to produce 8.4 million tons at Tilden in 2008.

<u>*North American Coal*</u>

Following is a summary of North American Coal results for the three and six months ended June 30, 2008:

	Three Months Ended June 30, 2008	Six Months Ended June 30, 2008
	(In millions, except tonnage)	
Revenues from product sales and services	$ 61.5	$ 155.4
Cost of goods sold and operating expense	(84.5)	(180.9)
Sales margin	$ (23.0)	$ (25.5)
Sales tons (in thousands)	576	1,574

Production

Following is a summary of coal production tonnage for 2008:

	Second Quarter	First Six Months	Full Year(1)
		(In millions)(2)	
Mine:			
Pinnacle Complex	618	1,250	2,900
Oak Grove	115	492	1,100
Total	733	1,742	4,000

(1) Estimate

(2) Tons are short tons of 2,000 pounds.

Cliffs reported losses of $23.0 million and $25.5 million in sales margin for the three and six months ended June 30, 2008, respectively. On a sequential quarter basis, revenue decreased approximately 35 percent primarily as a result of lower sales volume. Cliffs sold 576 thousand tons during the second quarter of 2008 compared to 998 thousand tons in the first quarter of 2008. The decrease in sales volume was primarily attributable to a 27 percent decline in production as a result of development of the longwall panel at Cliffs Oak Grove mine. The extended development spanned throughout most of the second quarter. In addition, Cliffs declared force majeure on customer shipments from its Pinnacle mine in mid-March 2008. Production at the mine slowed during the second quarter as a result of encountering a fault area within the coal panel being mined at the time. The force majeure was lifted in mid-June 2008.

The costs per-ton increased approximately 58 percent from the first quarter of 2008. As a result of lower production in the second quarter, higher fixed costs were absorbed per ton produced.

Longwall development timing has been extended due to the difficulty in obtaining additional equipment and personnel. Accordingly, Cliffs reduced the total estimated metallurgical coal production for 2008 by approximately 300 thousand tons to 4.0 million tons.

Asia-Pacific Iron Ore

Following is a summary of Asia-Pacific Iron Ore results for the three months ended June 30, 2008 and 2007:

	Three Months Ended June 30,		Change Due to		
	2008	2007	Sales Price and Rate	Sales Volume	Total Change
			(In millions)		

Revenues from product sales and services	$ 268.2	$ 114.8	$ 172.0	$ (18.6)	$ 153.4
Cost of goods sold and operating expense	(107.3)	(89.6)	(32.1)	14.4	(17.7)
Sales margin	$ 160.9	$ 25.2	$ 139.9	$ (4.2)	$ 135.7
Sales tons	1.8	2.1			

Following is a summary of Asia-Pacific Iron Ore results for the six months ended June 30, 2008 and 2007:

	Six Months Ended June 30,		**Change Due to**		
	2008	**2007**	**Sales Price and Rate**	**Sales Volume**	**Total Change**
			(In millions)		
Revenues from product sales and services	$ 385.7	$ 215.1	$ 180.0	$ (9.4)	$ 170.6
Cost of goods sold and operating expense	(203.4)	(165.4)	(45.2)	7.2	(38.0)
Sales margin	$ 182.3	$ 49.7	$ 134.8	$ (2.2)	$ 132.6
Sales tons	3.9	4.1			

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During the second quarter of 2008, the Australian benchmark prices for lump and fines settled at increases of 97 percent and 80 percent, respectively. As a result, second quarter sales from Cliffs Asia-Pacific Iron Ore segment were recorded based on 2008 settled price increases, which reflects an incremental increase of approximately $90.6 million when compared to second quarter revenue measured at 2007 prices. In addition, approximately $65.0 million of additional product revenue related to first quarter sales was recognized in the second quarter upon settlement of 2008 benchmark prices.

Cost of goods sold and operating expenses for the quarter and year to date increased primarily due to higher costs of production partially offset by lower volume. Costs were also negatively impacted in the second quarter and first half of 2008 by approximately $10.7 million and $25.2 million, respectively, related to foreign exchange rates, as the U.S. dollar continued to weaken relative to the Australian dollar. The increase in cost of goods sold and operating expenses was also a result of higher fuel, maintenance and contract labor expenditures arising from inflationary pressures. Fuel and energy costs for the quarter and year to date increased by approximately $3.5 million and $5.0 million, respectively, compared to the comparable periods in 2007.

Production

Following is a summary of iron ore production tonnage for 2008 and 2007:

	Second Quarter		**First Six Months**		**Full Year**	
	2008	**2007**	**2008**	**2007**	**2008(1)**	**2007**
			(In millions)(2)			
Mine:						
Koolyanobbing	1.9	2.1	3.7	3.9	7.7	7.7
Cockatoo Island	0.2	0.1	0.3	0.3	0.3	0.7
Total	2.1	2.2	4.0	4.2	8.0	8.4

(1) Estimate

(2) Tons are metric tonnes of 2,205 pounds. Cockatoo production reflects Portman s 50 percent share.

Production for the second quarter and first half of 2008 was relatively consistent with the comparable prior year periods. Cockatoo Island production ceased at the end of the second quarter 2008, with shipments to continue into the third quarter 2008. Construction on a necessary extension of the existing seawall will commence in the third quarter 2008, with production anticipated to restart by the end of the second quarter 2009. This extension is expected to extend production for approximately two additional years.

Other operating income (expense)

Following is a summary of other operating income (expense) for 2008 and 2007:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2008	2007	Variance Favorable/ (Unfavorable)	2008	2007	Variance Favorable/ (Unfavorable)
	(In millions)					
Casualty recoveries	$ 10.0	$ 3.2	$ 6.8	$ 10.0	$ 3.2	$ 6.8
Royalties and management fee revenue	7.1	4.0	3.1	10.9	6.2	4.7
Selling, general and administrative expenses	(52.1)	(21.5)	(30.6)	(96.6)	(42.2)	(54.4)
Gain on sale of other assets	19.5		19.5	21.0		21.0
Miscellaneous net	(1.4)	0.6	(2.0)	(1.9)	2.2	(4.1)
	$ (16.9)	$ (13.7)	$ (3.2)	$ (56.6)	$ (30.6)	$ (26.0)

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The increase in selling, general and administrative expense of $30.6 million and $54.4 million in the second quarter and first half of 2008, respectively, compared with the same periods in 2007 is primarily a result of higher employment compensation and increased outside professional service fees associated with the expansion of Cliffs business of $13.3 million and $17.1 million for the quarter and year to date, respectively. In addition, selling, general and administrative expense increased in the quarter and first half of 2008 by $5.4 million and $11.3 million, respectively, as a result of additional corporate development activities in Latin America and Asia-Pacific. Increases of $3.4 million and $9.2 million for the quarter and year to date, respectively, relate to Cliffs North American Coal segment acquired in July 2007. Selling, general and administrative expense for the first six months of 2008 was also impacted by a charge in the first quarter of approximately $6.8 million in connection with a legal case as well as $2.1 million related to Cliffs interest in Sonoma acquired in 2007.

The gain on sale of other assets of $19.5 million and $21.0 million in the second quarter and first half of 2008, respectively, primarily relates to the sale of its wholly-owned subsidiary, Cliffs Synfuel Corp., or Synfuel, which was completed on June 4, 2008. Cliffs recorded a gain of $19 million in the second quarter of 2008 upon completion of the transaction. Under the agreement, Oil Shale Exploration Company-Skyline, LLC acquired 100 percent of Synfuel for $24 million. As additional consideration for the stock, a perpetual nonparticipating royalty interest was granted initially equal to $0.02 per barrel of shale oil and $0.01 per barrel of shale oil produced from lands covered by existing State of Utah oil shale leases, plus 25 percent of royalty payments from conventional oil and gas operations. Cliffs recorded a gain of $19 million upon completion of the transaction.

The increase in casualty recoveries for both the three and six months ended June 30, 2008 compared to the comparable prior year periods is primarily attributable to a $9.2 million insurance recovery recognized in the current year related to a 2006 electrical explosion at Cliffs United Taconite facility.

Other income (expense)

Following is a summary of other income (expense) for 2008 and 2007:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2008	2007	Variance Favorable/ (Unfavorable)	2008	2007	Variance Favorable/ (Unfavorable)
	(In millions)					
Interest income	$ 6.3	$ 4.6	$ 1.7	$ 11.9	$ 9.9	$ 2.0
Interest expense	(9.8)	(2.1)	(7.7)	(17.0)	(3.1)	(13.9)
Other net	0.3	(1.2)	1.5	0.3	0.1	0.2
	$ (3.2)	$ 1.3	$ (4.5)	$ (4.8)	$ 6.9	$ (11.7)

The increase in interest income for both the quarter and year to date is primarily attributable to additional cash and investments held by Portman during the period coupled with higher average returns. Higher interest expense in both the second quarter and first half of 2008 reflected borrowings under Cliffs credit facilities and interest accretion for the deferred payment. See Note 5 of the Cliffs unaudited consolidated financial statements as of and for the six months ended June 30, 2008, included elsewhere in this joint proxy statement/prospectus, for further information.

Income Taxes

Cliffs total tax provision from continuing operations for the six months ended June 30, 2008 and 2007 was $121.6 million and $39.3 million, respectively. The increase in Cliffs tax provision is attributable to higher pre-tax income and a higher effective tax rate. For the full year 2008, Cliffs expects an effective tax rate of approximately 26 percent, which reflects benefits from deductions for percentage depletion in excess of cost depletion related to U.S. operations as well as benefits derived from operations outside the U.S., which are taxed at rates lower than the U.S. statutory rate of 35 percent. See Note 10 of the Cliffs unaudited consolidated financial statements as of and for the six months ended June 30, 2008, included elsewhere in this joint proxy statement/prospectus, for further information.

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Equity Loss in Ventures

The equity loss in ventures for the three and six months ended June 30, 2008 of $6.2 million and $13.1 million, respectively, represents the results from Cliffs investment in Amapá. The results for the second quarter and year to date primarily consist of pre-production and start-up losses of $8.4 million and $22.1 million, respectively, including operating losses from the railroad of $1.9 million and $3.9 million, respectively, partially offset by foreign currency hedge gains, $2.7 million and $8.6 million, respectively.

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

North American Iron Ore

Sales Margin

Following is a summary of North American Iron Ore sales margin for 2007 versus 2006:

			Change due to			
	2007	**2006**	**Sales Price and Rate**	**Sales Volume**	**Freight and Reimbursements**	**Total Change**
			(In millions)			
Revenue from product sales and services	$ 1,745.4	$ 1,560.7	$ 39.3	$ 122.4	$ 23.0	$ 184.7
Cost of goods sold and operating expenses	(1,347.5)	(1,233.3)	0.6	(91.8)	(23.0)	(114.2)
Sales margin	$ 397.9	$ 327.4	$ 39.9	$ 30.6	$	$ 70.5
Sales tons	22.3	20.4				

The increase in sales revenue was due to a sales volume increase of 1.9 million tons, or $122.4 million, higher sales prices, $39.3 million and higher freight and venture partners reimbursements, $23.0 million. Sales volume in 2007 included 1.5 million tons of pellets purchased and paid for by customers at year-end under take-or-pay provisions of existing long-term supply agreements. First half shipments in 2007 included 1.2 million tons of pellets purchased in upper Great Lakes stockpiles and paid for in 2006. Revenue recognition related to the December 2006 stockpile transaction totaling $62.6 million was deferred until the product was delivered in 2007. Sales prices per-ton increased 2.8 percent, reflecting the effect of contractual base price increases, higher term supply agreement escalation factors including higher steel pricing, higher Producers Price Indices and lag-year adjustments.

The increase in cost of goods sold and operating expenses primarily reflected higher volume, $91.8 million. On a per-ton basis, cost of goods sold and operating expenses were flat in comparison to last year, as a result of Cliffs strategic procurement, maintenance and other business improvement programs, as well as the implementation of Six Sigma and Lean Sigma. This compares with a Producers Price Indices increase of 4.1 percent, which is a measurement of industrial company cost inflation.

Principally, as a result this cost containment, North American Iron Ore sales margin per ton increased 11 percent from 2006.

Production

Following is a summary of North American Iron Ore production tonnage for 2007 versus 2006:

Mine	Company Share 2007	Company Share 2006	Total 2007	Total 2006
	(In millions)(1)			
Empire	3.9	3.8	4.9	4.9
Tilden	6.1	5.9	7.2	6.9
Hibbing	1.7	1.9	7.4	8.3
Northshore	5.2	5.1	5.2	5.1
United Taconite	3.7	3.0	5.3	4.3
Wabush	1.2	1.1	4.6	4.1
Total	21.8	20.8	34.6	33.6

(1) Long tons of pellets of 2,240 pounds.

The decrease in Hibbing s production was a result of the shutdown in late February 2007 due to severe weather conditions that caused significant buildup of ice in the basin supplying water to the processing facility.

Year-over-year production at Tilden benefited from major maintenance work and operating improvements performed in the prior year, and United Taconite production increased due to its recovery from last year s electrical accident. Production at Wabush was higher as a result of pit design improvements to mitigate dewatering issues.

Cliffs reinitiated construction activity to restart an idled pellet furnace at the Northshore facility that will increase capacity by approximately 0.6 million tons of pellets in 2008 and 0.8 million tons to Cliffs annual capacity thereafter.

North American Coal

Sales Margin

Following is a summary of North American Coal sales margin since the July 31, 2007 acquisition:

	Five Months Ended December 31, 2007 (In millions, except tonnage)
Revenues from product sales and services	$ 85.2
Cost of goods sold and operating expense	(116.9)
Sales margin	$ (31.7)
Sales tons (in thousands)(1)	1,171

(1) Tons are short tons of 2,000 pounds.

In August 2007, production at Cliffs Pinnacle mine in West Virginia slowed as a result of sandstone intrusions encountered within the coal panel being mined at the time. This slowdown prompted the operating decision in late September to move the mine s longwall plow system to another panel. In mid-October, the plow system was brought back into production. In addition, Cliffs has invested in business improvement initiatives and safety activities designed to enhance future production at Cliffs Oak Grove mine. These investments reduced Cliffs 2007 production.

The slowdown, and resulting lack of leverage over fixed costs, such as labor, energy and administration, contributed to a loss of sales margin and unusually high per-ton costs of goods sold. However, as Cliffs builds production volumes at the metallurgical coal mines through 2008, Cliffs cost per ton is expected to steadily and significantly decrease.

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The net impact of these factors contributed to a $31.7 million loss of sales margin. As production volumes build through 2008, Cliffs per-ton costs are anticipated to steadily and significantly decrease each quarter.

Production

Following is a summary of North American Coal production tonnage for 2007:

Mine	**Five Months Ended December 31, 2007(1) (In thousands)**
Oak Grove	406
Pinnacle	558
Green Ridge	127
Total	1,091

(1) Tons are short tons of 2,000 pounds.

Asia-Pacific Iron Ore

Sales Margin

Following is a summary of Asia-Pacific Iron Ore sales margin for 2007 versus 2006:

			Change Due to		
	2007	**2006**	**Sales price and Rate**	**Sales Volume**	**Total Change**
			(In millions)		
Revenue from product sales and services	$ 444.6	$ 361.0	$ 48.9	$ 34.7	$ 83.6
Cost of goods sold and operating expenses	(348.8)	(274.4)	(48.0)	(26.4)	(74.4)
Sales margin	$ 95.8	$ 86.6	$ 0.9	$ 8.3	$ 9.2
Sales tonnes	8.1	7.4			

The increase in sales revenue was due to higher sales prices, $48.9 million and higher volume, $34.7 million. Portman s sales prices reflected the effects of the 9.5 percent increase in the international benchmark price of iron ore fines and lump. The 0.7 million tonne volume increase reflected the completion of the two-million-tonne per annum expansion at Koolyanobbing in late 2006.

Increased production capacity has allowed Asia-Pacific to supply higher sales volumes at increased price realizations driven by intense demand from the Asian steel industry, particularly in China. As a result of this demand, revenues per tonne increased 12 percent from the prior year. Per-tonne costs in Asia-Pacific Iron Ore, which increased 16 percent, continue to be negatively impacted by foreign exchange rates, as the U.S. dollar weakened relative to the Australian dollar, as well as higher maintenance and contract labor expenditures. Cliffs Asia-Pacific Iron Ore management team has put in place a new contractor for mine operations that has cost control incentives. This is expected to result in better cost control in 2008.

Production

Following is a summary of Asia-Pacific Iron Ore production tonnage for 2007 versus 2006:

	Total	
Mine	**2007**	**2006**
	(In millions)(1)	
Koolyanobbing	7.7	7.0
Cockatoo Island	0.7	0.7
Total	8.4	7.7

(1) Metric tonnes of 2,205 pounds.

The increase in production primarily reflected the completion of the expansion at Koolyanobbing in late 2006. Cockatoo Island production ceased at the end of the second quarter 2008, with shipments to continue into the third quarter 2008. Construction on a necessary extension of the existing seawall will commence in the third quarter 2008, with production anticipated to restart by the end of the second quarter 2009. This extension is expected to extend production for approximately two additional years.

In July 2007, Portman was notified that its exploration and mining rights under two leases would not be extended beyond July 3, 2007. The mining leases permit Portman to explore for and mine iron ore on mining tenements north of Portman s Koolyanobbing operations, including the rights to 4.5 million tonnes of iron ore reserves. Portman has since negotiated an in-principle agreement to transfer these rights to the other party in exchange for additional mining rights to new leases. A formal agreement to this effect is expected to be ratified in 2008.

Other Operating Income (Expense)

Selling, general and administrative expense of $114.2 million in 2007 increased $41.8 million compared with the prior year, primarily reflecting higher employment costs related to Cliffs expanding business, including expenses at North American Coal and Cliffs Asia-Pacific locations; increased outside professional service fees and higher legal fees.

Gain on sale of assets of $18.4 million primarily reflected the fourth quarter 2007 gain on the sale of portions of the former LTVSMC site. The sale included cash proceeds of approximately $18 million.

Miscellaneous-net expense of $2.3 million in 2007 increased $14.7 million compared with the prior year, primarily reflecting increased mark-to-market hedging losses at Cliffs Asia-Pacific Iron Ore business.

Other Income (Expense)

Interest income of $20.0 million increased $2.8 million compared with 2006, reflecting average higher cash and investment balances and higher average interest rates in Cliffs Asia-Pacific iron ore business.

Interest expense of $22.6 million increased $17.3 million compared with 2006, primarily reflecting borrowings from the credit facility to fund the acquisition of PinnOak.

Income Taxes

Income tax expense of $84.1 million in 2007 was $6.8 million lower than the comparable amount in 2006. The decrease was due to lower pre-tax income in 2007 and a lower effective tax rate. See Note 9 of the Cliffs audited consolidated financial statements as of and for the three years ended December 31, 2007, included elsewhere in this joint proxy statement/prospectus.

Minority Interest

Minority interest decreased $1.5 million, or nine percent from 2006. Minority interest represents the 19.6 percent minority interest related to Asia-Pacific iron ore earnings.

Equity Loss in Ventures

The equity loss in ventures in 2007 of $11.2 million represents the results from Cliffs investment in Amapá, primarily pre-production costs of $7.2 million and operating losses from the railroad of $4.0 million.

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Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

North American Iron Ore

Sales Margin

Following is a summary of North American Iron Ore sales margin for 2006 versus 2005:

	2006	2005	Change Due to: Sales Price and Rate	Change Due to: Sales Volume	Change Due to: Freight and Reimbursements	Total Change
			(In millions)			
Revenue from product sales and services	$ 1,560.7	$ 1,535.0	$ 111.6	$ (111.2)	$ 25.3	$ 25.7
Cost of goods sold and operating expenses	(1,233.3)	(1,176.4)	(112.3)	80.7	(25.3)	(56.9)
Sales margin	$ 327.4	$ 358.6	$ (0.7)	$ (30.5)	$	$ (31.2)
Sales tons	20.4	22.3				

The increase in sales revenue was due to higher sales prices in 2006, $111.6 million and higher freight and venture partners reimbursements, partially offset by a sales volume decrease of 1.9 million tons, or $111.2 million. The 9.3 percent increase in sales prices primarily reflected the effect of contractual base price increases, higher term supply agreement escalation factors including higher steel pricing, higher Producers Price Indices and lag-year adjustments, partially offset by the impact of lower international benchmark pellet prices. The price of blast furnace pellets for Eastern Canadian producers decreased 3.5 percent. Included in 2006 revenues were approximately 1.3 million tons of 2006 sales at 2005 contract prices and $21.6 million of revenue related to pricing adjustments on 2005 sales.

Cost of goods sold and operating expenses in 2006 increased $56.9 million or approximately five percent. The increase reflected higher unit production costs of $112.3 million and higher freight and venture partners cost reimbursements, $25.3 million. Lower sales volume reduced costs $80.7 million. On a per-ton basis, cost of goods sold and operating expenses increased approximately 13 percent, primarily due to higher maintenance activity, increased energy and supply pricing, increased stripping and higher employment costs. Production costs were also impacted by an approximate $15 million cost effect related to production curtailments caused by the October 12, 2006 explosion at the United Taconite processing plant.

Production

Mine	Company Share 2006	Company Share 2005	Total 2006	Total 2005
		(In millions)(1)		

Empire	3.8	3.8	4.9	4.8
Tilden	5.9	6.7	6.9	7.9
Hibbing	1.9	2.0	8.3	8.5
Northshore	5.1	4.9	5.1	4.9
United Taconite	3.0	3.4	4.3	4.9
Wabush	1.1	1.3	4.1	4.9
Total	20.8	22.1	33.6	35.9

(1) Long tons of pellets of 2,240 pounds.

Production at Tilden in 2006 was lower than the previous year due to unplanned equipment repairs and a change in mix to produce more magnetite pellets to fulfill customer requirements. Magnetite pellets have lower productivity than hematite pellets.

The decrease in United Taconite production was due to the electrical explosion at the United Taconite processing plant on October 12, 2006. Production at the United Taconite plant was temporarily curtailed as a result of the loss of electrical power resulting from the explosion. Repairs to the plant s Line 2 were completed and full production resumed in January 2007.

Crude ore mining at Wabush was significantly impacted by pit de-watering difficulties, which adversely impacted production and costs.

Asia-Pacific Iron Ore

Sales Margin

Following is a summary of Asia-Pacific Iron Ore sales margin for 2006 versus 2005:

			Change Due to		
	2006	**2005(1)**	**Sales Price and Rate**	**Sales Volume**	**Total Change**
			(In millions)		
Revenue from product sales and services	$ 361.0	$ 204.5	$ 51.5	$ 105.0	$ 156.5
Cost of goods sold and operating expenses	(274.4)	(174.1)	(10.9)	(89.4)	(100.3)
Sales margin	$ 86.6	$ 30.4	$ 40.6	$ 15.6	$ 56.2
Sales tonnes	7.4	4.9			

(1) Represents results since the March 31, 2005 acquisition.

Sales revenue increased $156.5 million or approximately 77 percent. The increase in sales revenue was due to higher volume, $105.0 million and higher sales prices, $51.5 million. The 2.5 million tonne volume increase reflected the expansion of the Koolyanobbing operations in 2006 and the exclusion of sales prior to the March 31, 2005 acquisition. Asia-Pacific iron ore sales prices include the effects of a 19 percent increase in the international benchmark price of iron ore fines and lump.

Cost of goods sold and operating expenses increased $100.3 million or approximately 58 percent. The increase primarily reflected the effect of higher volume and an increase in unit production costs, primarily higher contract labor.

Production

Following is a summary of Asia-Pacific Iron Ore production tonnage for 2006 versus 2005:

	Total	
Mine	**2006**	**2005**

	(In millions)(1)	
Koolyanobbing	7.0	4.7
Cockatoo Island	0.7	0.5
Total	7.7	5.2

(1) Metric tonnes of 2,205 pounds.

Asia-Pacific Iron Ore 2005 production reflects results since the March 31, 2005 acquisition. An expansion of the Koolyanobbing facility was completed in 2006 that increased the Portman s wholly-owned production capacity from six to eight million tonnes per annum.

Other Operating Income (Expense)

Casualty recoveries in 2005 of $12.3 million related to a five-week production curtailment at the Empire and Tilden mines in 2003 due to the loss of electric power as a result of flooding in the Upper Peninsula of Michigan. Cliffs recovered a portion of Cliffs deductible in 2007, totaling $3.2 million.

Selling, general and administrative expenses of $72.4 million in 2006 increased $10.3 million compared with the prior year, reflecting increased outside professional services and full-year expense at Cliffs Asia-Pacific iron ore business and a $3.0 million property damage insurance deductible associated with the electrical explosion at United Taconite, partially offset by lower incentive compensation.

Miscellaneous-net income of $12.4 million in 2006 was $8.2 million higher than the prior year, primarily reflecting higher mark-to-market currency gains at Portman and higher customer bankruptcy recoveries related to WCI s 2003 bankruptcy filing.

Other Income (Expense)

Interest income of $17.2 million in 2006 was $3.3 million higher than the prior year, reflecting higher average cash balances and higher interest rates.

Income Taxes

During 2005, an $8.9 million adjustment to reverse a valuation allowance on net operating losses attributable to pre-consolidated separate return years of one of Cliffs subsidiaries was recognized. Excluding the $8.9 million reversal in 2005, income tax expense of $90.9 million in 2006 was $2.8 million lower than the comparable amount last year. The decrease was due to a lower effective tax rate, partially offset by higher pre-tax income in 2006. See Note 9 of the Cliffs audited consolidated financial statements as of and for the three years ended December 31, 2007, included elsewhere in this joint proxy statement/prospectus, for further information.

Minority Interest

Minority interest increased $7.0 million, or almost 70 percent from the prior year. Minority interest represents the 19.6 percent minority interest related to Cliffs Asia-Pacific iron ore earnings.

Discontinued Operations

Cliffs arrangements with C.V.G. Ferrominera Orinoco C.A. of Venezuela, which is referred to as Ferrominera, a government-owned company responsible for the development of Venezuela s iron ore industry, to provide technical assistance in support of improving operations of a 3.3 million tonne per year pelletizing facility, were terminated in the third quarter of 2005. Cliffs recorded after-tax income of $0.2 million related to this contract in 2006, compared with 2005 after-tax expense of $1.7 million, which included Cliffs exit costs.

On July 23, 2004, Cliffs and Associated Limited, which is referred to as CAL, an affiliate of Cliffs jointly owned by a subsidiary of Cliffs (82.3945 percent) and Outotec (17.6055 percent), a German company (formerly known as Lurgi Metallurgie GmbH), completed the sale of CAL s Hot Briquette Iron facility located in Trinidad and Tobago to ArcelorMittal USA. Terms of the sale included a purchase price of $8.0 million plus assumption of liabilities. ArcelorMittal USA closed this facility at the end of 2005. Cliffs recorded after-tax income of $0.1 million in 2006, compared with after-tax income of $0.9 million in 2005.

The results of discontinued operations for CAL and Ferrominera were recorded under *Income (Loss) from Discontinued Operations* in the Statements of Consolidated Operations.

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Liquidity, Cash Flows and Capital Resources

Liquidity

Following is a summary of key liquidity measures at June 30, 2008, December 31, 2007 and December 31, 2006:

	June 30, 2008	December 31, 2007 (In millions)	December 31, 2006
Cash and cash equivalents	$ 320.4	$ 157.1	$ 351.7
2006 credit facility	$	$	$ 500.0
2007 multicurrency credit agreement	800.0	800.0	
Senior notes	325.0		
Portman facilities	153.8		
Senior notes drawn	(325.0)		
Term loans drawn	(200.0)	(200.0)	
Revolving loans drawn	(160.0)	(240.0)	
Letter of credit obligations	(31.4)	(16.2)	
Borrowing capacity available	$ 562.4	$ 343.8	$ 500.0

For the six months ended June 30, 2008, uses of liquidity primarily include operational needs, general capital requirements, and capital expenditures related to the Empire and Tilden mine expansion project, upgrades on the rail line at Portman between the operations and the port, and longwall system down payments at Cliffs Pinnacle mine.

Uses of liquidity in 2007 primarily included operational needs, capital requirements and investments in management infrastructure related to our rapid growth and increased business development. Capital expenditures included the acquisition and development of mining tenements and related infrastructure including the construction of a washplant at Sonoma; the 0.8 million capacity expansion at Northshore and the re-build of the substation at United Taconite resulting from the October 2006 explosion.

Multicurrency Credit Agreement. On August 17, 2007, Cliffs entered into a five-year unsecured credit facility with a syndicate of 13 financial institutions, which replaced a $500 million credit facility scheduled to expire in 2011 and a $150 million credit facility scheduled to expire in 2008. The new facility provides $800 million in borrowing capacity, comprised of $200 million in term loans and $600 million in revolving loans, swing loans and letters of credit. Loans are drawn with a choice of interest rates and maturities, subject to the terms of the agreement. Interest rates are either (1) a range from London Interbank Offered Rate, or LIBOR, plus 0.45 percent to LIBOR plus 1.125 percent based on debt and earnings or (2) the prime rate or the prime rate plus 1.125 percent based on debt and earnings. The credit facility has two financial covenants: (1) debt to earnings ratio and (2) interest coverage ratio. As of June 30, 2008, Cliffs was in compliance with the covenants in the credit agreement.

As of June 30, 2008 and December 31, 2007, (1) $160 million and $240 million, respectively, were drawn in revolving loans, and (2) the principal amount of letter of credit obligations totaled $31.4 and $16.2 million, respectively, under the new credit facility. Cliffs also had $200 million drawn in term loans as of June 30, 2008 and December 31, 2007. Cliffs had $562.4 million and $343.8 million of borrowing capacity available under the $800 million credit facility, respectively. The weighted average annual interest rate for outstanding revolving and term loans under the credit facility was 5.81 percent as of December 31, 2007. After the effect of interest rate hedging, the weighted average annual borrowing rate was 5.68 percent.

Private Placement. On June 25, 2008, Cliffs entered into a $325 million private placement consisting of $270 million of 6.31 percent Five-Year Senior Notes due June 15, 2013, and $55 million of 6.59 percent Seven-Year Senior Notes due June 15, 2015. Interest will be paid on the notes for both tranches on June 15 and December 15 until their respective maturities. The notes are unsecured obligations with interest and principal amounts guaranteed by certain of Cliffs domestic subsidiaries. The notes and guarantees are not required to be registered under the

Securities Act of 1933, as amended, and have been placed with qualified institutional investors. Cliffs used the proceeds to repay senior unsecured indebtedness and for general corporate purposes.

The terms of the note purchase agreement contain customary covenants that require compliance with certain financial covenants based on: (1) debt to earnings ratio and (2) interest coverage ratio. As of June 30, 2008, Cliffs was in compliance with the covenants in the note purchase agreement.

Portman. 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 operations. The borrowings, totaling $6.2 million at December 31, 2007, accrue interest annually at five percent. The borrowings require principal payments of approximately $0.8 million plus accrued interest to be made each January 31 for the next two years, with the balance due in full on January 31, 2010.

Effective June 23, 2008, Portman added a A$120 million cash facility to its existing facility agreement, under which Portman continues to maintain a A$40 million multi-option facility. The facilities have floating interest rates of 20 basis points and 75 basis points, respectively, over the 90-day bank bill swap rate in Australia. At June 30, 2008, the outstanding bank commitments totaled A$12.5 million, reducing borrowing capacity to A$27.5 million on the A$40 million facility. No funds were utilized on the A$120 million facility, which expired on September 30, 2008. Both facilities have operated under the same financial covenants of Portman: (1) debt to earnings ratio and (2) interest coverage ratio. As of June 30, 2008, Portman was in compliance with the covenants of the credit facilities.

Cash and cash equivalents included $127.8 million and $97.6 million at Cliffs Asia-Pacific Iron Ore operations at December 31, 2007 and 2006, respectively.

Amapá. At June 30, 2008, Amapá had long-term project debt outstanding of approximately $338 million for which Cliffs has provided several guarantees on its 30 percent share. Amapá is engaged in ongoing discussions with its lenders regarding loan amendments to address several loan covenant violations related to project delays, higher construction expenditures, debt-to-equity ratios and deliveries under its long-term supply agreement with an operator of an iron ore pelletizing plant in the Kingdom of Bahrain. In addition, at June 30, 2008, Amapá had total short-term loans outstanding of $188.9 million. Cliffs subsequently provided several guarantees in July 2008 on its 30 percent share of the total debt outstanding, or $159.1 million.

See Note 5 of the Cliffs unaudited consolidated financial statements as of and for the six months ended June 30, 2008 and Note 6 of the Cliffs audited consolidated financial statements as of and for the year ended December 31, 2007, included elsewhere in this joint proxy statement/prospectus, for further information.

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Cash Flows

Six Months Ended June 30, 2008 and 2007

Following is a summary of cash flows for the six months ended June 30, 2008 and 2007:

	Six Months Ended June 30,	
	2008	2007
	(In millions)	
Borrowings under senior notes	$ 325.0	$
Net cash provided (used) by operating activities	82.9	(37.7)
Proceeds from sale of assets	38.6	1.8
Purchase of minority interest in Portman	(137.8)	
Net borrowings (repayments) under revolving credit facility	(80.0)	125.0
Capital expenditures	(59.1)	(46.2)
Net purchase of marketable securities	(6.7)	(36.0)
Investment in ventures	(2.2)	(223.7)
Other	2.6	(5.6)
Increase (decrease) in cash and cash equivalents	$ 163.3	$ (222.4)

A summary of cash flows due to changes in operating assets and liabilities is as follows:

	Six Months Ended June 30,	
	2008	2007
	(In millions)	
Changes in product inventories	$ (205.3)	$ (159.0)
Changes in payables and accrued expenses	(108.4)	8.1
Changes in receivables and other assets	63.4	(48.1)
Cash used by changes in operating assets and liabilities	$ (250.3)	$ (199.0)

Cliffs product inventory balances at June 30, 2008 and December 31, 2007 were as follows:

	June 30, 2008		December 31, 2007	
	Amount	Tons(1)	Amount	Tons(1)
	(In millions)			
North American Iron Ore	$ 297.1	6.7	$ 114.3	3.4
North American Coal	15.4	0.3	8.3	0.1

Asia-Pacific Iron Ore	38.0	1.3	30.2	1.1
Other	10.6	0.2		
Total	$ 361.1		$ 152.8	

(1) North American Iron Ore tons are long tons of pellets of 2,240 pounds. North American Coal tons are short tons of 2,000 pounds. Asia-Pacific Iron Ore tons are metric tonnes of 2,205 pounds.

The increase in North American Iron Ore pellet inventory was primarily due to higher production volume as well as winter-related shipping constraints on the lower Great Lakes earlier in the year.

Point Beach Nuclear Power Plant

On December 19, 2006 WEPCO entered into an asset sale agreement to sell its Point Beach Nuclear Plant. In conjunction with the sale, the parties to the transaction also negotiated a long-term power purchase agreement whereby WEPCO would purchase the capacity, energy, and ancillary services from Point Beach. On September 25, 2007, the Michigan Public Service Commission, which is referred to as the MPSC, issued its opinion and order and determined that all of WEPCO s Michigan customers, including the Empire and Tilden mines, should share in the distribution of proceeds resulting from the sale. The MPSC directed WEPCO to calculate an equal mills per Kilowatt hours, or kWh, credit to be applied to customers bills for 18 monthly billing cycles following the close of the Point Beach Nuclear Plant sale. WEPCO estimates a total of $882 million in net proceeds resulting from the transfer of ownership. The funds will be applied based on future consumption by its customers beginning in December 2007 through a $0.01581/kWh credit. Based on WEPCO s proposal on projected electricity usage, the 2008 distribution to Cliffs would be approximately $32 million and will be reflected as a reduction in cost of goods sold and operating expenses.

2007, 2006 and 2005

Following is a summary of Cliffs cash flows for 2007, 2006 and 2005:

	2007	2006	2005
		(In millions)	
Acquisition of PinnOak (net of $2.6 million of cash acquired)	$ (343.8)	$	$
Capital expenditures	(199.5)	(119.5)	(97.8)
Investment in ventures	(180.6)	(13.4)	(8.5)
Repayment of PinnOak debt	(159.6)		
Net purchase of marketable securities	(44.7)		
Dividends on common and preferred stock	(26.4)	(25.8)	(18.7)
Repurchases of common stock	(2.2)	(121.5)	
Net borrowings under credit facility	440.0		
Net cash from operating activities	288.9	428.5	514.6
Effect of exchange rate changes on cash	11.8	5.9	(2.2)
Investment in Portman (net of $24.1 million cash acquired)			(409.0)
Other	21.5	4.4	(0.3)
Increase (decrease) in cash and cash equivalents from continuing operations	(194.6)	158.6	(21.9)
Cash from (used by) discontinued operations		0.3	(2.2)
Increase (decrease) in cash and cash equivalents	$ (194.6)	$ 158.9	$ (24.1)

See Note 2 of the Cliffs audited consolidated financial statements as of and for the three years ended December 31, 2007, included elsewhere in this joint proxy statement/prospectus, for information regarding the PinnOak acquisition and repayment of debt as well as Cliffs investments in ventures.

Capital expenditures included the acquisition and development of mining tenements and related infrastructure including the construction of a washplant at Sonoma; the 0.8 million capacity expansion at Northshore and the re-build of the substation at United Taconite resulting from the October 2006 explosion. Cliffs expects to fund its capital expenditures from available cash, current operations and borrowings under Cliffs credit facility.

Common stock repurchases in 2007 and 2006 reflected the purchase of 90,000 shares and 6.4 million shares, respectively, of 9.0 million shares authorized under two 2006 repurchase programs. Also, Cliffs increased its quarterly common share dividend to $0.0875 per share from $0.0625 per share effective with the quarterly dividend payable on March 3, 2008 to shareholders of record as of the close of business on February 15, 2008.

The decrease in operating cash flows in 2007 compared with 2006 was primarily due to changes in operating assets and liabilities. A summary of cash due to changes in operating assets and liabilities is as follows:

	2007	2006 (In millions)	2005
Net proceeds of short-term marketable securities	$	$ 9.9	$ 172.8
Changes in product inventories	3.2	(29.9)	9.8
Changes in receivables and other assets	18.0	73.0	(64.8)
Changes in deferred revenues	(34.2)	62.4	0.2
Changes in payables and accrued expenses	(14.8)	3.4	73.3
Cash (used by) from changes in operating assets and liabilities	$ (27.8)	$ 118.8	$ 191.3

Cliffs product inventory balances at December 31, 2007 and 2006 were as follows:

	2007		2006	
	Amount	Tons(1)	Amount	Tons(1)
	(In millions)			
North American Iron Ore	$ 114.3	3.4	$ 129.5	3.8
North American Coal	8.3	0.1		
Asia-Pacific Iron Ore	30.2	1.1	20.8	0.9
Total	$ 152.8		$ 150.3	

(1) North American Iron Ore tons are long tons of pellets of 2,240 pounds; North American Coal tons are short tons of 2,000 pounds; and Asia-Pacific Iron Ore tons are metric tonnes of 2,205 pounds.

The decrease in North American Iron Ore pellet inventory was primarily due to higher sales volume, partially offset by higher production. The increase in Asia-Pacific Iron Ore inventory is primarily due to increased production attributable to the expansion of the Koolyanobbing operations and higher opening inventory compared with the prior year, partially offset by higher sales.

Operating cash flows in 2005 included the proceeds from the sale of $182.7 million of highly liquid marketable securities used in connection with Cliffs acquisition of Portman, net of $9.9 million purchases of auction rate securities.

Net cash from operating activities in 2007, 2006 and 2005 also reflected $123.9 million, $95.7 million and $86.2 million of income tax payments and $37.7 million, $56.1 million and $55.8 million of contributions to pension plans and VEBAs, respectively. In 2006, Cliffs received a $67.5 million refund from the WEPCO escrow account.

Capital Resources

Cliffs has taken a balanced approach to allocation of its capital resources and free cash flow. Cliffs has made strategic investments both domestically and internationally, increased its capital expenditures, strengthened its balance sheet, increased funding of its employee benefit obligations and increased its borrowing capacity.

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Contractual Obligations and Off-Balance Sheet Arrangements

Other than operating leases primarily utilized for certain equipment and office space, Cliffs does not have any off-balance sheet financing. Following is a summary of Cliffs contractual obligations at December 31, 2007:

		Payments Due by Period(1)			
Contractual Obligations	**Total**	**Less Than 1 Year**	**1 - 3 Years**	**3 - 5 Years**	**More Than 5 Years**
			(In millions)		
Long-term debt	$ 555.0	$ 0.8	$ 114.2	$ 440.0	$
Interest on debt(2)	122.7	23.9	48.8	50.0	
Capital lease obligations	77.4	9.7	18.8	17.1	31.8
Operating leases	77.9	18.2	31.5	16.8	11.4
Purchase obligations					
Open purchase orders	227.0	180.5	28.6	17.9	
Minimum take or pay purchase commitments(3)	517.0	144.3	177.3	130.1	65.3
Total purchase obligations	744.0	324.8	205.9	148.0	65.3
Other long-term liabilities					
Pension funding minimums	87.9	24.0	34.8	29.1	
Other postretirement benefits claim payments	125.6	16.9	24.0	22.8	61.9
Mine closure obligations	118.5	3.5	0.8	15.6	98.6
FIN 48 obligations(4)	18.7	8.3	10.4		
Personal injury	16.5	3.6	4.3	1.3	7.3
PinnOak contingent consideration	99.5		99.5		
Other(5)	201.0				
Total other long-term liabilities	667.7	56.3	173.8	68.8	167.8
Total	$ 2,244.7	$ 433.7	$ 593.0	$ 740.7	$ 276.3