

CLEVELAND-CLIFFS INC

COMPENSATION AND ORGANIZATION COMMITTEE CHARTER

Purposes

The purposes of the Compensation and Organization Committee ("Compensation Committee") of the Board of Directors ("Board") are to establish and administer the Company's policies, programs and procedures for compensating management. Among other things, the Compensation Committee discharges the Board's responsibilities relating to compensation of the Company's executive officers and produces an annual report on executive compensation for inclusion in the Company's proxy statement, in accordance with applicable rules and regulations.

Composition

Size. The size of the Compensation Committee shall be determined by the Board, but it must always have at least three members.

Qualifications. Each Compensation Committee member must satisfy the applicable independence requirements set forth in the rules of the New York Stock Exchange. Desirable qualifications for Compensation Committee members include experience in business management, executive compensation, employee benefits, and human resources.

Appointment and Removal. The Board selects Compensation Committee members based on recommendations of the Board Affairs Committee. The Compensation Committee will select a Compensation Committee Chair from among its members upon recommendation from the Board Affairs Committee. Each Compensation Committee member will serve at the pleasure of the Board for such term as the Board may decide or until such Compensation Committee member is no longer a Board member.

Duties and Responsibilities

The duties and responsibilities of the Compensation Committee shall include the following:

1. Oversee Executive Succession Planning. The Compensation Committee shall assist the Board with respect to succession planning of all officers, including contingency planning in case the Chairman of the Board and CEO dies or becomes disabled, and evaluating potential successors.
2. Recommend Officer Candidates. The Compensation Committee shall review and recommend to the Board candidates for election as officers.
3. Review Organization Structure. The Compensation Committee shall review the organizational structure for determination and staffing of key management positions.

4. Establish Executive Compensation Policies and Programs. The Compensation Committee will oversee development and implementation of the Company's compensation policies and programs for executive officers.
5. Review and Approve Executive Officer Compensation. The Compensation Committee will review and approve, at least annually, corporate goals and objectives relevant to the compensation of the Chairman and CEO, and the other executive officers of the Company. The Compensation Committee will evaluate the performance of the executive officers in the light of those corporate goals and objectives and set such executive officers' compensation levels based on those evaluations and such other factors as it deems appropriate. The Compensation Committee shall review and counsel the CEO with respect to personal performance and report the review and performance to the Board.
6. Recommend Incentive Compensation Plans. The Compensation Committee will make recommendations to the Board with respect to the approval and adoption of all cash- and equity-based incentive compensation plans in which any executive officer of the Company participates.
7. Recommend Equity-Based Plans. The Compensation Committee will make recommendations to the Board with respect to the approval and adoption of all other equity-based plans.
8. Oversee Compensation Plans. The Compensation Committee will oversee the Company's employee equity-based incentive compensation plans and other plans adopted by the Board that contemplate administration by the Compensation Committee. The Compensation Committee, or a subcommittee, shall approve all grants of stock options and other equity-based awards (except grants or awards under plans relating to Director compensation, which are administered by the Board Affairs Committee) The Compensation Committee's oversight authority shall include the authority to approve the acquisition by the Company of shares of the Company's stock from any plan participant.
9. Oversee Award Criteria. The Compensation Committee shall ensure that the criteria for awards under the Company's Management Performance Incentive Plan and 1992 Incentive Equity Plan are appropriately related to the Company's strategic plan and operating performance objectives.
10. Oversee Regulatory Compliance. The Compensation Committee will, in consultation with appropriate officers of the Company, oversee regulatory compliance with respect to compensation matters, including overseeing any compensation programs intended to preserve tax deductibility, and, as may be required, establishing performance goals and determining whether performance goals have been attained for purposes of Section 162(m) of the Internal Revenue Code.
11. Review Severance Payments. The Compensation Committee will review and approve any proposed severance or retention plans or agreements

applicable to any executive officer of the Company. The Compensation Committee shall review and approve any severance or other termination payments proposed to be made to any executive officer of the Company.

12. Approve Officer Service. The Compensation Committee shall approve the service of elected officers to any other "for profit" entities, and annually review the service of elected officers to other organizations.
13. Board Reports. The Compensation Committee will report its activities to the Board at least annually in such manner and at such times as the Compensation Committee or the Board deem appropriate.
14. Officers Perquisites. The Compensation Committee will annually provide a report to the Board with respect to any pecuniary or other personal benefit provided to officers of the Company.
15. Other Delegated Duties or Responsibilities. The Compensation Committee will perform any other duties or responsibilities delegated to the Compensation Committee by the Board from time to time.

Meetings

The Compensation Committee will meet as frequently as necessary to carry out its responsibilities under this Charter. In accordance with the Company's Corporate Government Guidelines, the Compensation and Organization Committee shall normally meet at least twice annually based on a schedule established at the beginning of each year. The Compensation Committee Chair shall, in consultation with the other members of the Compensation Committee and appropriate officers of the Company, establish the agenda for each Compensation Committee meeting. Any Compensation Committee member may submit items to be included on the agenda. Compensation Committee members may also raise subjects that are not on the agenda at any meeting. The Compensation Committee Chair or a majority of the Compensation Committee members may call a meeting of the Compensation Committee at any time. A majority of the number of Compensation Committee members selected by the Board will constitute a quorum for conducting business at a meeting of the Compensation Committee. The act of a majority of Compensation Committee members present at a Compensation Committee meeting at which a quorum is in attendance will be the act of the Compensation Committee, unless a greater number is required by law, the Company's certificate of incorporation or its regulations. The Compensation Committee Chair shall supervise the conduct of the meetings and will have other responsibilities as the Compensation Committee may specify from time to time.

The Compensation Committee may request any officer or other employee of the Company, or any representative of the Company's advisors, to attend a meeting or to meet with any members or representatives of the Compensation Committee. Any individual whose performance or compensation is to be discussed at a Compensation Committee meeting should not attend such meeting unless specifically invited by the Compensation Committee. Any Compensation Committee member may be excused from a meeting to permit the remaining members of the Compensation Committee to act on any matter in

which such member's participation is not appropriate, and such member's absence shall not destroy the quorum for the meeting.

Delegation

The Compensation Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee. In particular, the Compensation Committee may delegate the approval of certain transactions to a subcommittee consisting solely of members of the Compensation Committee who are (a) “non-employee directors” within the meaning under Rule 16b-3 of the Securities Exchange Act of 1934, and (b) “outside directors” for the purposes of Section 162(m) of the Internal Revenue Code.

Resources and Authority

The Compensation Committee shall have appropriate resources and authority to discharge its responsibilities, including, without limitation, appropriate funding in such amounts as the Compensation Committee deems necessary, to compensate any consultants and any independent advisors retained by the Compensation Committee. The Compensation Committee shall have the sole authority to retain and terminate compensation consultants to assist in the evaluation of director or executive officer compensation and the sole authority to approve the fees and other retention terms of such compensation consultants. The Compensation Committee may also retain independent legal counsel and other advisors to assist it in carrying out its responsibilities.

Compensation Committee Report

The Compensation Committee, with the assistance of management and any outside advisors the Compensation Committee deems appropriate, shall prepare a Compensation Committee report for inclusion in the Company’s proxy statement relating to the Company’s annual meeting of shareholders.

Annual Review of Charter

The Compensation Committee shall conduct and review with the Board annually (a) an evaluation of this Charter and recommend any changes to the Board and (b) evaluate its own performance against the requirements of this Charter and report the results of this evaluation to the Board. The evaluation will include establishment of the goals and objectives of the Compensation Committee for the upcoming year. The Compensation Committee will conduct its review and evaluation in such manner as it deems appropriate.

Consistent with New York Stock Exchange listing requirements, this Charter will be included on the Company’s website and will be made available upon request sent to the Company’s Secretary. The Company’s annual report to shareholders will state that this Charter is available on the Company’s website and will be available upon request sent to the Company’s Secretary.