

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 27, 2004

(Exact Name of Registrant as Specified in Its Charter)

OHIO

1-8944

34-1464672

(State or Other Jurisdiction of Incorporation)

(Commission File Number)

(IRS Employer Identification Number)

1100 Superior Avenue, Cleveland, Ohio

44114-2589

(Address of Principal Executive Offices)

(Zip Code)

Registrant's Telephone Number, Including Area Code: (216-694-5700)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act of 1933 (17 CFR 230.425) or Rule 425 under the Securities Act of 1933 (17 CFR 230.425) only if the registrant is not a public company

---

[ITEM 2.02. Results of Operations and Financial Condition](#)

[ITEM 9.01. Financial Statements and Exhibits.](#)

[SIGNATURE](#)

[INDEX TO EXHIBITS](#)

[EX-99\(A\) PRESS RELEASE DATED OCTOBER 27, 2004](#)

---







Income from continuing operations in 2004 was \$82.6 million and \$115.4 million in the third quarter and first nine months, respectively, versus losses of \$4.8 million and \$23.8 million for the comparable 2003 periods. The earnings increases of \$87.4 million in the quarter and \$139.2 million in the first nine months reflected higher pre-tax earnings of \$112.3 million in the quarter and \$169.8 million in the first nine months partially offset by higher income taxes of \$24.9 million and \$30.6 million in the respective periods.

The pre-tax earnings increases principally reflected higher sales margins of \$50.6 million in the third quarter and \$109.8 million in the first nine months and the \$56.8 million gain on the sale of 1.9 million shares of directly held ISG common stock in third-quarter 2004.

The increases in sales margins in the 2004 periods versus 2003 were primarily due to higher sales price realizations and increased sales volume partially offset by higher production costs.

- Sales revenues increased \$109.5 million in the quarter and \$236.0 million in the first nine months. The increases in sales revenue were due to higher sales prices, \$69.9 million in the quarter and \$133.8 million in the first nine months, and increased sales volume, \$39.6 million in the quarter and \$102.2 million in the first nine months. The increase in sales prices primarily reflected the effect on Cliffs' term sales contract escalators of higher steel prices and an approximate 20 percent increase in international pellet pricing. Third-quarter sales revenue included approximately \$16.5 million of revenue related to pricing adjustments on first-half sales reflecting updated annual estimates of term contract escalators, primarily higher steel pricing. Pellet sales in the third quarter and first nine months of 6.3 million tons and 16.5 million tons, respectively, represent new volume records versus 2003 sales of 5.2 million tons in the third quarter and 13.6 million tons in the first nine months.
  - Cost of goods sold and operating expenses increased by \$58.9 million in the third quarter and \$126.2 million for the first nine months principally due to higher sales and production volume, \$38.1 million in the quarter and \$104.4 million in the first nine months, and higher unit production costs, \$20.8 million in the quarter and \$21.8 million for the first nine months. Contributing to the higher unit production costs were increased energy and supply pricing, \$4.9 million in the third quarter and \$9.7 million in the first nine months of 2004. Unit production costs were also impacted by \$7.3 million in the third quarter of 2004 for costs associated with U.S. labor negotiations and the 14-week labor stoppage at Wabush Mines and a \$2.0 million exchange rate effect due to the impact of a weaker U.S. dollar on Cliffs' share of Wabush production costs. Year 2003 operating costs included an \$11.1 million fixed-cost impact of a five-week production curtailment at the Empire and Tilden mines relating to loss of electric power in the second quarter due to flooding in the Upper Peninsula of
-







estimated to cost approximately \$

---

References in this news release to “Cliffs” and “Company” include subsidiaries and affiliates as appropriate in the context.

This news release contains predictive statements that are intended to be made as “forward-looking” within the safe harbor protections of the Private Securities Litigation Reform Act of 1995. Although the Company believes that its forward-looking statements are based on reasonable assumptions, such statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected.

Actual results may differ materially from such statements for a variety of factors, such as: changes in demand and/or prices for iron ore pellets by North American integrated steel producers due to changes in steel utilization rates, operational factors, electric furnace production or imports of semi-finished steel or pig iron (affecting estimated pellet sales, mine operations, or projected liquidity requirements); changes in the financial condition of the Company’s partners and/or customers; rejection of major contracts and/or venture agreements by customers and/or participants under provisions of the U.S. Bankruptcy Code or similar statutes in other countries; events or circumstances that could impair or adversely impact the viability of a mine and the carryins in

---







