

# CLIFFS NATURAL RESOURCES INC.

## FORM 8-K (Current report filing)

Filed 04/10/07 for the Period Ending 04/04/07

Address	200 PUBLIC SQUARE STE. 3300 CLEVELAND, OH 44114-2315
Telephone	216-694-5700
CIK	0000764065
Symbol	CLF
SIC Code	1000 - Metal Mining
Industry	Metal Mining
Sector	Basic Materials
Fiscal Year	12/31

---

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of Earliest Event Reported):

April 4, 2007

Cleveland-Cliffs Inc

(Exact name of registrant as specified in its charter)

Ohio

1-8944

34-1464672

(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

(I.R.S. Employer  
Identification No.)

1100 Superior Avenue, Cleveland, Ohio

44114-2589

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

216-694-5700

Not Applicable

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 (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

## [Top of the Form](#)

### **Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On April 5, 2007, Cleveland-Cliffs Inc (the "Company") announced in a press release (attached as Exhibit 99(a)) the hiring of Mr. William Brake, 46, as Executive Vice President, Cliffs Metallics and Chief Technical Officer of the Company. The appointment of Mr. Brake will enable the Company to strengthen its metallics business and develop opportunities in the electric furnace sector of the steel industry. Mr. Brake accepted the Company's offer on April 4, 2007 and is expected to begin his employment on April 16, 2007.

Mr. Brake has an extensive steel manufacturing background spanning over twenty years in line operations and maintenance in Cleveland steel mills. Fourteen of those years were spent in various management positions, most recently with Mittal Steel USA, Cleveland, Ohio, as Executive Vice President, Operations, Executive Vice President - Operations East, and Vice President & General Manager - ISG Cleveland from 2002 to August, 2006. His prior service includes twelve years with LTV Steel Company from 1987 to 2002, prior to the ISG and Mittal takeovers.

Mr. Brake has no previous affiliation with the Company or any of its subsidiaries nor have there been any related party transactions between the Company and himself. He has no familial or business relationship with any of the current officers or Directors of the Company.

The terms of Mr. Brake's Letter Agreement, dated April 4, 2007 ("Letter Agreement"), are as follows:

- He receives a current annual base salary of \$325,000;
- He will participate in the Company's Management Performance Incentive Plan, with an annual target cash bonus of 60 percent of his base salary. The actual bonus awards can be 0 to 200 percent of target based upon Board Compensation Committee judgment of individual, unit and corporate performance. His 2007 award will be prorated from the date of hire;
- He is eligible to participate in the Company's Long-Term Equity Incentive Plan. For 2007, his performance share award will be 8,500 performance shares of the Company's common shares, which will vest into actual shares on a three-year moving cycle based on achieving corporate objectives of return on investment and stock price performance against a peer group. The performance share award will be computed as though he had been an employee of the Company beginning January 1, 2007 and will not be prorated. For 2007, his retention units award will be 1,500 shares, which will vest after three years based on his continuing employment to that date;
- The Company will enter into a change-of-control severance agreement with Mr. Brake upon beginning employment with the Company, which terms include: (i) a lump sum payment in an amount equal to three times the sum of his base salary at the rate prior to the termination date, (ii) annual incentive pay at the target level for the current year or prior year, whichever is greater, (iii) coverage for a period of thirty-six months following the termination date, by health, life insurance and disability benefits, (iv) a lump sum payment in an amount equal to the sum of the future pension benefits that the executive would have been entitled to receive three years following the termination date under the Supplemental Executive Retirement Benefit Plan, (v) prorata incentive pay for the year in which the termination date occurs, (vi) outplacement services in an amount up to 15 percent of the executive's base salary, (vii) a gross-up payment for any taxes imposed on the executive under Internal Revenue Code section 4999 relating to excess parachute payments, and (viii) vesting of certain matching contributions under the Voluntary Nonqualified Deferred Compensation Plan, provided the amounts are not withdrawn until the end of the five-year vesting period; and
- He will be eligible to participate in various benefit programs, including any executive perquisites that are generally made available by the Company to employees of his position, and

The Letter Agreement is included as Exhibit 10(a). The foregoing discussion of the terms of such agreement is qualified in its entirety by reference to the full text of such exhibit, which is incorporated by reference herein.

### **Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

10(a) Letter Agreement of Employment by and between Cleveland-Cliffs Inc and William Brake dated April 4, 2007

99(a) Cleveland-Cliffs Inc published a news release on April 5, 2007 captioned, "Cleveland-Cliffs Names William Brake Executive Vice President"



**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

*April 10, 2007*

Cleveland-Cliffs Inc

By: *Traci L. Forrester*

---

*Name: Traci L. Forrester*  
*Title: Assistant Secretary*

---

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
10.(a)	Letter Agreement of Employment by and between Cleveland-Cliffs Inc and William Brake dated April 4, 2007
99.(a)	Cleveland-Cliffs Inc published a news release on April 5, 2007 captioned, "Cleveland-Cliffs Names William Brake Executive Vice President"

CLEVELAND-CLIFFS INC

Direct: (216) 694-940

RANDY L. KUMMER

Fax: (216) 694-8381

SENIOR VICE PRESIDENT-HUMAN RESOURCES

rkummer@cleveland-cliffs.com

April 2, 2007

CONFIDENTIAL

Mr. William Brake

24881 Kennedy Ridge Road

North Olmsted, Ohio 44070

Dear Mr. Brake:

This letter confirms the verbal offer to you for the position of Executive Vice President, Cliffs Metallics and Chief Technical Officer with Cleveland-Cliffs Inc. In this role, you will report directly to Joe Carrabba, President and Chief Executive Officer.

The following are the details of the revised offer:

**BASE SALARY**

Your starting salary will be \$325,000 per year, payable semi-monthly. Individual performance and the salaries of elected officers are periodically reviewed by the Compensation and Organization Committee of the Board of Directors based on the recommendations of the Chief Executive Officer.

**MANAGEMENT PERFORMANCE INCENTIVE PLAN**

Effective with your starting date, you will participate in the Management Performance Incentive Plan, which provides an annual target cash bonus of 60 percent of your base salary. The actual bonus awards can be 0 to 200 percent of target based upon Board Compensation Committee judgment of individual, unit and corporate performance as recommended by the CEO. Your 2007 award will be prorated from your date of hire.

**LONG-TERM EQUITY INCENTIVE PLAN**

You will participate in the Company's Incentive Equity Plan and be eligible to receive annual Performance Share awards (including Retention Units) based on the Plan formula. Normally, the grant size will be determined based upon a market review and analysis of your current position.

For 2007 your performance share award will be 10,000 Performance Shares of Cleveland-Cliffs Inc stock. The grant date will coincide with your first day of employment. The Performance Shares vest into actual shares on a three-year moving cycle based on achieving corporate objectives of return on investment and stock price performance against a peer group. Fifteen percent of your award, or 1,500 shares, represent "retention units" and will vest after three years based on your continuing employment to that date. Your Performance Share award will be computed as though you had been an employee of the Company beginning on January 1, 2007 and shall not be prorated because of your being hired during 2007.

**SEVERANCE PROTECTION**

The Company will enter into a change-of-control severance agreement with you. This agreement will provide, among other things, compensation in the event your position is eliminated or substantially diminished following a corporate change-of-control.

### **EMPLOYEE BENEFIT PLANS**

Subject to the eligibility rules of the various plans, you will be entitled to participate in the pension, 401(k), life insurance, medical and dental insurance coverage, disability, other employee benefit programs and arrangements, including any executive perquisites that are generally made available by the Company to employees in your position. Below is a brief summary of these benefits.

#### Vacation Benefits

You will be eligible for four (4) weeks of vacation during 2007 and during each calendar year thereafter.

#### Retiree Medical Coverage

Subsidized retiree medical coverage is not a part of the Company's retirement benefit program for employees hired or rehired after January 1, 1993.

#### Periodic Review of Benefit Plans

The Company periodically reviews all employee benefit plans and programs to ensure that employees are offered competitive and affordable benefits. The Company reserves the right to amend or terminate any such employee benefit plan, program or perquisite at any time and for any reason without the consent of any employee or participant.

### TERMS OF EMPLOYMENT

This offer is contingent upon your successful completion of a Company pre-employment physical and drug/alcohol screen, which will be administered and evaluated consistent with the Americans with Disabilities Act of 1990.

By accepting this offer as Executive Vice President, Cliffs Metallics and Chief Technical Officer, you agree to act honestly, in good faith, in the Company's best interests, and to exercise the degree of skill and diligence that a person having your expertise and knowledge of the Company's affairs would reasonably be expected to exercise in comparable circumstances. Further, you agree to devote yourself exclusively and full-time to the Company's business and not to be employed or engaged in other businesses without the Company's prior written approval. You agree to observe and abide by all the Company's policies, rules and procedures, including the Company's Code of Business Conduct and Ethics policy. A copy of that policy is enclosed.

In accordance with corporate policy, this letter and your response are not meant to constitute a contract of employment for any specific period of time and you will remain, at all times, an employee at-will. Absolutely no one except the Board of Directors of the Company may change the at-will nature of our relationship, and then only in writing. Any reliance on any representations, oral or otherwise, contrary to "employment-at-will" is unreasonable.

I look forward to you joining the Cliffs' team and working with you. I believe that you will find the challenges to be significant, the rewards to be competitive, and the satisfaction to be substantial in working for a highly professional organization with a proud history in a vital industry.

Please confirm in writing your acceptance of this offer and return the signed copy of the enclosed Employee Invention and Secrecy Agreement with your confirmation.

If you have any questions regarding the terms of the offer or the responsibility of the position, please do not hesitate to contact me.



Very truly yours,

/s/ R. L. Kummer

Randy L. Kummer

Senior Vice President-Human Resources

Acceptance of Offer:

I have read and accept all of the terms of the offer of employment as set forth in the foregoing letter. I have not relied on any agreements or representations, expressed or implied, that are not set forth expressly in the foregoing letter.

/s/ William Brake

April 4, 2007

---

William Brake

---

Date

Enclosure

cc:

Personnel File

## **NEWS RELEASE**

### **Cleveland-Cliffs Names William Brake Executive Vice President**

**Cleveland, OH—April 5, 2007—** Cleveland-Cliffs Inc (NYSE: CLF) today announced the appointment of William Brake as executive vice president, Cliffs metallics and chief technical officer, effective April 16, 2007.

Brake joins Cliffs having served as executive vice president, operations for Mittal Steel USA, with full operating responsibility for all of Mittal's domestic steel operations. He began his career with LTV Steel, and following the acquisition by the International Steel Group, was responsible for the initial re-start of its Cleveland facilities.

Cleveland-Cliffs President and Chief Executive Officer Joseph A. Carrabba commented, "Bill is a highly respected leader whose extensive steel-industry expertise complements the talents of Cliffs' existing leadership team. We look forward to his contribution as we continue to grow our organization."

Brake is a member of the Association of Iron and Steel Engineers, and formerly was co-chair of the Ohio Steel Industry Advisory Council. He holds a B.S. in Electrical Engineering and an MBA, both from Case Western Reserve University.

To be added to Cleveland-Cliffs' e-mail distribution list, please use the link below:

<http://www.cpg-llc.com/clearsite/clf/emailoptin.html>

Cleveland-Cliffs Inc, headquartered in Cleveland, Ohio, is the largest producer of iron ore pellets in North America and sells the majority of its pellets to integrated steel companies in the United States and Canada. Cleveland-Cliffs Inc operates a total of six iron ore mines located in Michigan, Minnesota and Eastern Canada. The Company is majority owner of Portman Limited, an iron ore mining company in Australia, serving the Asian iron ore markets with direct-shipping fines and lump ore.

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 risk and uncertainties. The many factors and risks that may cause such predictive statements to turn out differently are set forth in the Company's Annual Report for 2005, Reports on Form 10-K and Form 10-Q and previous news releases filed with the Securities and Exchange Commission, which are publicly available on Cleveland-Cliffs' website. The information contained in this document speaks as of the date of this news release and may be superseded by subsequent events.

News releases and other information on the Company are available on the Internet at:

<http://www.cleveland-cliffs.com>

SOURCE: Cleveland-Cliffs Inc

CONTACT: Media: 1-216-694-4870

Financial Community: 1-800-214-0739, or 1-216-694-5459

###