

FOURTH AMENDMENT AGREEMENT

RECORDATION NO. 8488-B Filed 1425

MAR 4 1980 - 10 35 AM

INTERSTATE COMMERCE COMMISSION

FOURTH AMENDMENT AGREEMENT made as of the 22nd day of February, 1980, by and among Lake Superior and Ishpeming Railroad Company (the "Company"), The Cleveland-Cliffs Iron Company (the "Guarantor"), the two Banks that are parties to this Fourth Amendment Agreement (the "Banks"), AmeriTrust Company (formerly The Cleveland Trust Company) as agent for purposes of the Credit Agreement hereinafter referred to and National Bank of Detroit as security agent for purposes of the Security Agreement hereinafter referred to.

WHEREAS, the Company and the Banks are parties to a certain Credit Agreement dated as of September 17, 1976, as amended by a certain First Amendment Agreement dated as of January 12, 1978, a certain Second Amendment Agreement dated as of September 1, 1978, and a certain Third Amendment Agreement dated as of January 2, 1979 (the "Credit Agreement"), which Credit Agreement provides, among other things, for certain term loans by the Banks to the Company as presently outstanding; and

WHEREAS, the Company and the Banks are, as contemplated by the Credit Agreement, parties to certain Credit Letters whereby the Banks extend lines of credit to the Company in the aggregate amount of Two Million Dollars (\$2,000,000.00) (collectively the "Lines of Credit"), and more specifically as follows:

- (i) The Company and National Bank of Detroit are parties to a Credit Letter dated June 7, 1979 (which Credit Letter replaced a

prior Credit Letter between the same parties dated September 17, 1976) whereby National Bank of Detroit extends a line of credit to the Company in the amount of Eight Hundred Thousand Dollars (\$800,000.00), and

(ii) The Company and AmeriTrust Company are parties to a certain Credit Letter dated September 17, 1976 whereby AmeriTrust Company extends a line of credit to the Company in the amount of One Million Two Hundred Thousand Dollars (\$1,200,000.00); and

WHEREAS, the Company and National Bank of Detroit as Security Agent for itself and AmeriTrust Company are, as contemplated by the Credit Agreement, parties to a certain Security Agreement dated as of September 17, 1976, as amended by the aforesaid First Amendment Agreement dated as of January 12, 1978 (the "Security Agreement"), whereby the Company grants to National Bank of Detroit, as Security Agent, a security interest in certain assets as security for, among other things, the Lines of Credit; and

WHEREAS, The Cleveland-Cliffs Iron Company and AmeriTrust Company as agent for itself and National Bank of Detroit are parties to a certain Guaranty dated as of September 17, 1976, as amended by the aforesaid First Amendment Agreement dated as of January 12, 1978 (the "Guaranty"), whereby The Cleveland-Cliffs Iron Company guarantees certain indebtedness of the Company to the Banks, all as more specifically set forth in the Guaranty; and

WHEREAS, the undersigned desire to increase the Lines of Credit to Three Million Dollars (\$3,000,000.00), and to make certain amendments to the Security Agreement and to the Guaranty, and to execute and deliver replacement Credit Letters; and

WHEREAS, each term used herein shall be defined in accordance with the definition appearing in the applicable documents.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein and for other valuable considerations, the undersigned agree as follows:

1. The Security Agreement is hereby amended by deleting Recital B on page 1 in its entirety, and by substituting in place thereof the following:

"B. AmeriTrust Company and National Bank of Detroit have each executed a letter to the Company dated February 22, 1980 (collectively the 'Credit Letters') creating lines of credit in the amount of \$1,800,000.00 and \$1,200,000.00, respectively, pursuant to which the Company may make short-term borrowings for working capital purposes (the 'Working Capital Loans'; such term to include all replacements, renewals or additional loans, regardless of amount, made by any Bank to the Company)."

2. The Guaranty is hereby amended by deleting Recital B on page 1 in its entirety, and by substituting in place thereof the following:

"B. AmeriTrust Company and National Bank of Detroit have each executed a letter to the Company dated February 22, 1980 (collectively the 'Credit Letters') creating lines of credit in the amount of \$1,800,000.00 and \$1,200,000.00, respectively, pursuant to which the Company may make short-term borrowings for working capital purposes (the 'Working Capital Loans'; such term to include all replacements, renewals or additional loans, regardless of amount, made by any Bank to the Company)."

3. The Guaranty is hereby further amended by deleting the amount "\$2,000,000" from the fifth line from the bottom of Section 5 on page 3 and by substituting for that deleted amount, the amount "\$3,000,000".

4. Concurrently with the execution of this Fourth Amendment Agreement, the Company shall execute and deliver to each of the Banks, respectively, Credit Letters dated the date of this Agreement, being in the form and substance of Exhibits A and B, respectively, to this Fourth Amendment Agreement; and further, upon execution and delivery of the Credit Letters to be dated the date of this Agreement, as aforesaid, the Company shall execute and deliver to each of the Banks, respectively, Promissory Notes, dated the date hereof, in the form and substance of the Promissory Notes attached as Exhibits to the form of Credit Letters to be executed by

the Company pursuant to this section 4, with the blanks appropriately filled. Concurrently with the execution and delivery of such Promissory Notes, each Bank shall immediately thereafter mark each existing Promissory Note evidencing indebtedness of the Company to the Banks upon the Banks' respective Lines of Credit as "Replaced" and return each such replaced Promissory Note so marked to the Company.

5. Each reference to the Credit Agreement, the Security Agreement or the Guaranty, whether by use of the phrase "Credit Agreement", "Security Agreement" or "Guaranty" or the prefix "here" or otherwise contained in such documents or hereafter made in any writing pertaining or furnished pursuant thereto, shall hereafter be construed as a reference to such document as amended hereby. Except as herein specifically provided, the Credit Agreement, the Security Agreement and the Guaranty shall remain in full force and effect and shall be unaffected by this Fourth Amendment Agreement.

6. The Company and the Guarantor hereby respectively represent and warrant to the Banks that (a) the Company and the Guarantor have legal power and authority to execute and deliver the within Fourth Amendment Agreement; (b) the officers executing the same have been duly authorized to execute and deliver the same and bind the Company and Guarantor with respect to the provisions provided for herein; (c) the execution and delivery herein by the Company and the Guarantor and the performance and observance by the Company and the Guarantor of the provisions hereof do not violate or conflict with the Articles of Incorporation, Regulations or By-Laws of the Company or the Guarantor or any law applicable to the Company or the Guarantor

or result in the breach of any provision or constitute a default under any agreement, instrument or document binding upon or enforceable against the Company or the Guarantor; and (d) this Fourth Amendment Agreement constitutes a valid and legally binding obligation upon the Company and the Guarantor in every respect.

7. The Company hereby represents and warrants that no possible default exists under the Credit Agreement nor will any occur immediately after the execution and delivery of this Fourth Amendment Agreement by the performance or observance of any provision hereof.

8. This Fourth Amendment Agreement shall become effective when (a) duly executed by all parties hereto; (b) the issuance of the Promissory Notes pursuant to the Credit Letters to be dated the date hereof (as secured pursuant to the Security Agreement, as amended hereby, and as guaranteed pursuant to the Guaranty, as amended hereby) by the Company have been duly approved by the Interstate Commerce Commission pursuant to Subchapter I of Chapter 113 of the Interstate Commerce Act, as amended, as evidenced by an order of the Interstate Commerce Commission in full force and effect, and a copy of such order shall have been furnished the Banks; (c) the Banks shall have received a written opinion from Messrs. Butzel, Long, Gust, Klein & Van Zile, counsel for the Company, stating that the Fourth Amendment Agreement is valid and binding on the Company in accordance with its terms, that the Security Agreement, as amended hereby, and the Promissory Notes (when executed and delivered by the Company pursuant to the Credit Letters to be executed pursuant to this Fourth Amendment Agreement) are valid and binding

obligations of the Company, enforceable in accordance with their terms except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws effecting the rights of creditors generally; that all necessary consents, approvals or authorizations of, or declarations or filings with, any governmental or public body or authority on the part of the Company have been obtained or accomplished, including but not limited to the aforesaid order of the Interstate Commerce Commission; that the Security Agreement, as amended hereby, grants to National Bank of Detroit, as Security Agent for the Banks, a first and valid lien on the collateral described in Exhibit 3 to the Security Agreement, as amended, and that the Promissory Notes issued pursuant to the Credit Letters to be executed pursuant hereto, are entitled to the benefit of the security offered by the Security Agreement, as amended hereby, and the Guaranty, as amended hereby; and (d) the Banks have received a written opinion from the principal legal officer of the Guarantor stating that this Fourth Amendment Agreement has been duly authorized by all necessary corporate action of the Guarantor and has been executed by the officer or officers so authorized to execute the same, and that the Guaranty, as amended hereby, is a valid and binding obligation of the Guarantor and enforceable in accordance with its terms except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws effecting the rights of creditors generally.

9. This Agreement may be executed in any number of counterparts each of which when so executed and delivered shall be an

original, but such counterparts shall together constitute one and the same instrument.

LAKE SUPERIOR & ISHPEMING RAILROAD COMPANY

By: James J. Scullion  
JAMES J. SCULLION, President

and Melvin W. Rossway  
MELVIN W. ROSSWAY, SECRETARY

THE CLEVELAND-CLIFFS IRON COMPANY

By: J. C. Vickery  
J. C. VICKERY TREASURER

and M. E. Jackson  
M. E. JACKSON ASSISTANT SECRETARY

AMERITRUST COMPANY,  
Individually and as Agent

By: R. E. Catow, V.P.

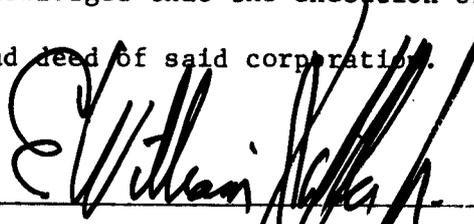
NATIONAL BANK OF DETROIT

By: [Signature]  
and [Signature]

STATE OF OHIO )  
                  ) SS  
COUNTY OF CUYAHOGA)

On this 22 day of February, 1980, before me personally appeared James J. Scullion and Melvin W. Rossway, to me personally known, who being by me duly sworn, did say that they are, respectively, the President and Secretary

of Lake Superior & Ishpeming Railroad Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

  
\_\_\_\_\_  
Notary Public, Cuyahoga County, Ohio  
My Commission Expires: \_\_\_\_\_

STATE OF OHIO        )  
                              ) SS  
COUNTY OF CUYAHOGA)

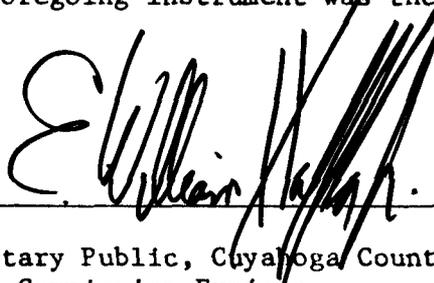
On this 22<sup>ND</sup> day of February, 1980, before me personally appeared  
J. C. VICKERY and M. E. JACKSON, to me  
personally known, who being by me duly sworn, did say that they are, respec-  
tively, the TREASURER and ASSISTANT SECRETARY  
of The Cleveland-Cliffs Iron Company, that the seal affixed to the foregoing  
instrument is the corporate seal of said corporation, that said instrument  
was signed and sealed on behalf of said corporation by authority of its  
Board of Directors, and they acknowledged that the execution of the forego-  
ing instrument was the free act and deed of said corporation.

  
\_\_\_\_\_  
Notary Public, Cuyahoga County, Ohio  
My Commission Expires: \_\_\_\_\_

**BARBARA A. D'AMICO**  
Notary Public for the State of Ohio  
My Commission Expires March 14, 1983

STATE OF OHIO )  
 ) SS  
COUNTY OF CUYAHOGA)

On this 22 day of February, 1980, before me personally appeared Richard E. Caton, to me personally known, who being by me duly sworn, did say that he is the Vice President of Ameritrust Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Notary Public, Cuyahoga County, Ohio  
My Commission Expires: \_\_\_\_\_

STATE OF MICHIGAN )  
 ) SS  
COUNTY OF WAYNE )

On this 22<sup>nd</sup> day of February, 1980, before me personally appeared Donald M. Nawrocki and Robert S. Hays, to me personally known, who being by me duly sworn, did say that they are, respectively, the Vice President and 2<sup>nd</sup> Vice President of National Bank of Detroit, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Notary Public, Cuyahoga County, Ohio  
My Commission Expires: \_\_\_\_\_

**ROSE L. HILDEBRANDT**  
Notary Public, Oakland County, Mich.  
My Commission Expires June 28, 1980  
Acting in Wayne County, Mich.

# EXHIBIT A

NATIONAL BANK OF DETROIT  
611 Woodward Avenue  
Detroit, Michigan 48232

February , 1980

Lake Superior & Ishpeming  
Railroad Company  
105 East Washington Street  
Marquette, Michigan 49855

Re: \$1,200,000 Line of Credit

Dear Sirs:

National Bank of Detroit (the "Bank") is pleased to advise you that the Bank has approved a line of credit in favor of Lake Superior & Ishpeming Railroad Company, a Michigan corporation (the "Company") in the amount of \$1,200,000 (the "Line of Credit").

The Line of Credit will be available to the Company commencing on the date of this letter upon the terms stated herein and in the form of Promissory Note of the Company attached as Exhibit A hereto.

The Bank reserves the absolute right (a) to terminate the Line of Credit (i) on May 31, 1980, (ii) on any date, upon 30 days' prior notice, or (iii) on any date if the Bank, in its sole discretion, determines that the financial condition or results of operations of the Company are not satisfactory to it, and (b) to require upon any such termination payment in full of all indebtedness of the Company evidenced by the Promissory Note issued to the Bank under the Line of Credit.

A single Promissory Note shall be issued and outstanding hereunder at any one time. Such Note shall be dated the date of the initial borrowing evidenced thereby and shall be payable on the succeeding May 31.

Each borrowing by the Company under the Line of Credit shall be (a) upon not less than two business days notice, and (b) at least \$40,000. The Company may borrow, prepay and reborrow hereunder provided that the aggregate principal amount of such borrowings at any one time outstanding does not exceed the Line of Credit. The Bank shall not be obligated to make any loans under the Line of Credit if an event of default or possible default under and as defined in the Credit Agreement, dated as of September 17, 1976, establishing revolving credits of \$7,000,000 as amended by the parties thereto by a First Amendment Agreement dated as of January 12, 1978, a Second Amendment Agreement dated as of September 1, 1978, a Third Amendment Agreement dated as of January 2, 1979, and a Fourth Amendment Agreement dated as of February , 1980 (the "Credit Agreement"), among the Company, the Bank and others shall have occurred and be continuing or if such Credit Agreement shall have been terminated.

Each borrowing hereunder shall be confirmed by the Company in writing. During each calendar year the Line of Credit shall be available to the Company, the Company shall not have any borrowings outstanding under the Line of Credit for a period of at least thirty (30) consecutive days. The Bank shall make an appropriate notation on the Promissory Note issued by the Company to indicate the date and amount of any borrowings or payment of principal thereon.

The Company has represented to the Bank that the execution, delivery and performance by the Company of this letter and each borrowing hereunder has been approved by all requisite corporate action on the part of the Company and does not require the consent or approval of any shareholders of the Company or any governmental authority or agency, including the Interstate Commerce Commission, other than such as has been duly obtained. Each borrowing hereunder shall constitute a reaffirmation of such representation.

Any of the events of default specified in section 11 of such Credit Agreement shall constitute an event of default under the Line of Credit (whether or not such Credit Agreement is then in effect), and upon the occurrence of any such event or default the holder of any Promissory Note issued hereunder may declare the principal of such Note, and accrued interest thereon, to be immediately due and payable.

During the term hereof the Company shall maintain an average collected daily demand account balance with the Bank equal to \$60,000.

The letter supersedes all prior correspondence with you in respect of the Line of Credit. Any of the terms or provisions hereof or of the form of Promissory Note attached as Exhibit A hereto may be amended, supplemented or changed only by an instrument signed by the Bank, the Company and each holder of any Promissory Note of the Company issued and at the time outstanding hereunder.

If you are in agreement with the foregoing, please sign the form of acceptance on the accompanying counterparts of this letter and return two signed counterparts to the Bank.

Very truly yours,

NATIONAL BANK OF DETROIT

By: \_\_\_\_\_  
Vice President

The foregoing provisions are hereby accepted and agreed to as of the date thereof.

LAKE SUPERIOR & ISHPEMING  
RAILROAD COMPANY

By: \_\_\_\_\_

EXHIBIT A

LAKE SUPERIOR & ISHPEMING RAILROAD COMPANY

PROMISSORY NOTE

\$1,200,000 \_\_\_\_\_, 1980

FOR VALUE RECEIVED, the undersigned LAKE SUPERIOR AND ISHPEMING RAILROAD COMPANY (the "Company") hereby promises to pay to the order of NATIONAL BANK OF DETROIT (the "Bank") on \_\_\_\_\_, 19\_\_\_\_, the principal sum of ONE MILLION TWO HUNDRED THOUSAND DOLLARS pursuant to the Credit Letter referred to below and set forth on the grid attached hereto, whichever is less, together with interest from the date hereof on the unpaid principal amount hereof, payable quarterly on March 31, June 30, September 30 and December 31 in each year, commencing on the first such date following the date hereof, at a rate per annum (based on a year of 360 days of twelve 30-day months) which shall be equal to the sum of the prime rate of the Bank (being the lowest rate of interest generally charged by the Bank for unsecured short-term loans to its most creditworthy commercial borrowers) from time to time in effect, with each change in such prime rate resulting automatically and immediately in a change in the rate calculated under this sentence plus three-fourths of one per cent (3/4%). If this Note shall not be paid at maturity, it shall thereafter bear interest at a rate per annum (based on a year of 360 days of twelve 30-day months) which shall be equal to the greater of (a) nine percent (9%), or (b) two percent above the prime rate of the Bank (as hereinabove defined).

Payments of both principal and interest shall be made in lawful money of the United States of America in immediately available funds at the principal office of the Bank, 611 Woodward Avenue, Detroit, Michigan 48232, or at such other place as the then holder of this Note shall specify to the Company in writing.

This Note evidences borrowings pursuant to a line of credit established by the Bank by letter dated \_\_\_\_\_, \_\_\_\_\_, to the Company, as the same may be amended from time to time (the "Credit Letter"). This Note is secured by and is entitled to the benefits of a Security Agreement, dated as of September 17, 1976, by the Company with National Bank of Detroit, as Agent, and of a Guaranty, dated as of September 17, 1976, by the Cleveland-Cliffs Iron Company with The Cleveland Trust Company, as Agent, as the same may be amended from time to time.

This Note may be prepaid at any time without premium or penalty. During the continuance of an event of default, as defined in the Credit Letter, or upon the occurrence of other events specified in the Credit Letter, the principal of this Note and accrued interest hereon may, in the manner and with the effect described in the Credit Letter, be declared immediately due and payable.

Any payment hereunder which is to be made on a day which is not a business day (as defined in the Credit Agreement dated as of September 17, 1976, as amended, among the Company, the Bank, and The Cleveland Trust Company) shall be made on the next succeeding business day but in the case of any payment of principal, interest shall continue to accrue and be payable thereon at the rate per annum specified herein during the period of such extension.

The Company hereby waives presentment, protest and notice of dishonor in respect of this Note.

The Note has been executed and delivered in Marquette, Michigan.

LAKE SUPERIOR AND ISHPEMING  
RAILROAD COMPANY

By: \_\_\_\_\_  
(Title)

And: \_\_\_\_\_  
(Title)

Date

Amount  
Of Loan

Amount of  
Payment

Unpaid  
Principal Balance

Notation  
Made By

AMERITRUST COMPANY  
900 Euclid Avenue  
Cleveland, Ohio 44101

Lake Superior & Ishpeming  
Railroad Company  
105 East Washington Street  
Marquette, Michigan 49855

Re: \$1,800,000 Line of Credit

Dear Sirs:

Ameritrust Company (the "Bank") is pleased to advise you that the Bank has increased its line of credit in favor of Lake Superior & Ishpeming Railroad Company, a Michigan corporation (the "Company") to \$1,800,000 (the "Line of Credit").

The Line of Credit will be available to the Company commencing on the date of this letter upon the terms stated herein and in the form of Promissory Grid Note of the Company attached as Exhibit A hereto.

The Bank reserves the absolute right (a) to terminate the Line of Credit (i) on May 31, 1980, (ii) on any date, upon 30 days' prior notice, or (iii) on any date if the Bank, in its sole discretion, determines that the financial condition or results of operations of the Company are not satisfactory to it, and (b) to require upon any such termination payment in full of all indebtedness of the Company evidenced by the Promissory Note issued to the Bank under the Line of Credit.

A single Promissory Note shall be issued and outstanding hereunder at any one time. Such Note shall be dated the date of the initial borrowing evidenced thereby and shall be payable on the succeeding May 31. The Company hereby authorizes any officer of the Bank to endorse on the grid portion of the Promissory Grid Note the date and amount of each loan made under the Line of Credit, each partial or full repayment thereof, and the initials or other identifying symbol of the person making the endorsement.

Each borrowing by the Company under the Line of Credit shall be (a) upon not less than two business days notice, and (b) at least \$60,000. The Company may borrow, prepay, and reborrow hereunder provided that the aggregate principal amount of such borrowings at any one time outstanding does not exceed the Line of Credit. The Bank shall not be obligated to make any loans under the Line of Credit if an event of default or possible default under and as defined in the Credit Agreement, dated as of

EXHIBIT B

Lake Superior & Ishpeming  
Railroad Company  
Page Two

September 17, 1976, as amended, establishing revolving credits of \$9,000,000, among the Company, the Bank and others shall have occurred and be continuing or if such Credit Agreement shall have been terminated. The Company will not be entitled to borrow hereunder at any time (a) when less than \$5,000,000 of Notes are outstanding under such Credit Agreement, or (b) for the purpose of reducing such amount outstanding below \$5,000,000.

Each borrowing hereunder shall be confirmed by the Company in writing. During each calendar year the Line of Credit shall be available to the Company, the Company shall not have any borrowings outstanding under the Line of Credit for a period of at least thirty (30) consecutive days. The Bank shall make an appropriate notation on the Promissory Note issued by the Company hereunder to indicate the date and amount of any borrowings or payment of principal thereon.

The Company has represented to the Bank that the execution, delivery and performance by the Company of this letter and each borrowing hereunder has been approved by all requisite corporate action on the part of the Company and does not require the consent or approval of any shareholders of the Company or any governmental authority or agency, including the Interstate Commerce Commission, other than such as has been duly obtained. Each borrowing hereunder shall constitute a reaffirmation of such representation.

Any of the events of default specified in section 11 of such Credit Agreement shall constitute an event of default under the Line of Credit (whether or not such Credit Agreement is then in effect), and upon the occurrence of any such event of default the holder of any Promissory Note issued hereunder may declare the principal of such Note, and accrued interest thereon, to be immediately due and payable.

This letter supersedes all prior correspondence with you in respect of the Line of Credit. Any of the terms or provisions hereof or of the form of Promissory Note attached as Exhibit A hereto may be amended, supplemented or changed only by an instrument signed by the Bank, the Company and each holder of any Promissory Note of the Company issued and at the time outstanding hereunder.

If you are in agreement with the foregoing, please sign the form of acceptance on the accompanying counterparts of this letter and return two signed

Lake Superior & Ishpeming  
Railroad  
Page Three

counterparts to the Bank whereupon this letter shall become a binding agreement between the Company and the Bank as of the date hereof.

Very truly yours,

AMERITRUST COMPANY

By: \_\_\_\_\_

The foregoing provisions are hereby accepted and agreed to as of the date thereof.

LAKE SUPERIOR & ISHPEMING  
RAILROAD COMPANY

By: \_\_\_\_\_

And: \_\_\_\_\_

LAKE SUPERIOR & ISHPEMING RAILROAD COMPANY

Promissory Note

\$1,800,000

\_\_\_\_\_, 19\_\_\_\_

FOR VALUE RECEIVED, the undersigned LAKE SUPERIOR & ISHPEMING RAILROAD COMPANY (the "Company") hereby promises to pay to the order of AMERITRUST COMPANY, formerly known as THE CLEVELAND TRUST COMPANY, (the "Bank") on May 31, 198\_\_ the principal sum of One Million Eight Hundred Thousand Dollars (\$1,800,000), or the aggregate unpaid amount of all loans by the Bank to the Company pursuant to the Credit Letter referred to below and set forth on the grid attached hereto, whichever is less, together with interest from the date hereof on the unpaid principal amount hereof, payable quarterly on March 31, June 30, September 30 and December 31 in each year, commencing on the first such date following the date hereof, at a rate per annum (based on a year of 360 days of twelve 30-day months) which shall be one hundred thirteen per cent (113%) of the prime rate of the Bank (being the lowest rate of interest generally charged by the Bank for unsecured short-term loans to its most creditworthy commercial borrowers) from time to time in effect, with each change in such prime rate resulting automatically and immediately in a change in the rate calculated under this clause. If this Note shall not be paid at maturity, it shall thereafter bear interest at a rate per annum (based on a year having 360 days of twelve 30-day months) which shall be equal to the greater of (a) nine and one-eighth per cent (9-1/8%), or (b) two and one-eighth per cent (2-1/8%) above the prime rate of the Bank (as hereinabove defined).

Payments of both principal and interest shall be made in lawful money of the United States of America in immediately available funds at the principal office of the Bank, 900 Euclid Avenue, Cleveland, Ohio 44101, or at such other place as the then holder of this Note shall specify to the Company in writing.

This Note evidences borrowings pursuant to a line of credit established by the Bank by letter dated \_\_\_\_\_, 19\_\_\_\_, to the Company, as the same may be amended from time to time (the "Credit Letter"). This Note is secured by and is entitled to the benefits of a Security Agreement dated as of September 17, 1976, by the Company with National Bank of Detroit, as Agent, and of a Guaranty, dated as of September 17, 1976, by The Cleveland-Cliffs Iron Company with The Cleveland Trust Company, as Agent, as the same may be amended from time to time.

This Note may be prepaid at any time without premium or penalty. During the continuance of an event of default, as defined in the Credit Letter, the principal of this Note and accrued interest hereon may, in the manner and with the effect described in the Credit Letter, be declared immediately due and payable.

Any payment hereunder which is to be made on a day which is not a business day of Bank shall be made on the next succeeding business day, but in the case of any payment of principal, interest shall continue to accrue and be payable thereon at the rate per annum specified herein during the period of such extension.

LAKE SUPERIOR & ISHPEMING RAILROAD COMPANY

By: \_\_\_\_\_

and \_\_\_\_\_

<u>Date</u>	<u>Amount of Loan</u>	<u>Amount of Payment</u>	<u>Unpaid Principal Balance</u>	<u>Notation Made By</u>
-------------	---------------------------	------------------------------	---	-----------------------------