

CLIFFS NATURAL RESOURCES INC.

FORM 10-Q (Quarterly Report)

Filed 11/13/96 for the Period Ending 09/30/96

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

CLEVELAND CLIFFS INC

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C.20549

FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended September 30, 1996 OR TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from _____ to _____ .

Commission File Number:1-8944

CLEVELAND-CLIFFS INC

(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction of
incorporation)

34-1464672
(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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO

As of November 6, 1996, there were 11,367,717 Common Shares (par value \$1.00 per share) outstanding.

PART I - FINANCIAL INFORMATION

CLEVELAND-CLIFFS INC

STATEMENT OF CONSOLIDATED INCOME

(In Millions, Except Per Share Amounts)

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	1996	1995	1996	1995
REVENUES:				
Product sales and services	\$ 148.7	\$ 127.1	\$ 319.5	\$ 281.7
Royalties and management fees	15.0	14.4	37.6	36.2
	-----	-----	-----	-----
Total operating revenues	163.7	141.5	357.1	317.9
Investment income (securities)	2.8	2.2	6.6	6.9
Property damage insurance recovery			2.0	
Other income	0.2	0.9	1.6	2.3
	-----	-----	-----	-----
TOTAL REVENUES	166.7	144.6	367.3	327.1
COSTS AND EXPENSES:				
Cost of goods sold and operating expenses	126.6	108.1	279.5	247.7
Administrative, selling and general expenses	4.0	3.9	11.5	10.7
Interest expense	1.1	1.6	3.5	4.8
Other expenses	1.6	4.3	6.3	18.4
	-----	-----	-----	-----
TOTAL COSTS AND EXPENSES	133.3	117.9	300.8	281.6
INCOME BEFORE INCOME TAXES	33.4	26.7	66.5	45.5
Income taxes (credits)				
Currently payable	9.9	8.0	19.5	13.0
Deferred	2.2	1.4	4.3	(10.7)
	-----	-----	-----	-----
TOTAL INCOME TAXES	12.1	9.4	23.8	2.3
NET INCOME	\$ 21.3	\$ 17.3	\$ 42.7	\$ 43.2
	=====	=====	=====	=====
NET INCOME PER COMMON SHARE	\$ 1.84	\$ 1.45	\$ 3.66	\$ 3.61
	=====	=====	=====	=====

See notes to financial statements

CLEVELAND-CLIFFS INC

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

		(In Millions)	
ASSETS		September 30, 1996	December 31, 1995
-----		-----	-----
CURRENT ASSETS			
Cash and cash equivalents		\$145.0	\$139.9
Marketable securities		11.3	8.9
		-----	-----
Accounts receivable - net		156.3	148.8
Inventories:		67.8	61.8
Finished products		42.5	38.0
Work in process		0.9	0.7
Supplies		14.6	17.0
		-----	-----
Deferred income taxes		58.0	55.7
Other		14.1	14.1
		9.3	12.3
		-----	-----
	TOTAL CURRENT ASSETS	305.5	292.7
PROPERTIES			
Less allowances for depreciation and depletion		265.6	260.0
		(144.5)	(140.0)
		-----	-----
	TOTAL PROPERTIES	121.1	120.0
INVESTMENTS IN ASSOCIATED COMPANIES			
		155.0	152.0
OTHER ASSETS			
Long-term investments		10.6	16.3
Deferred income taxes		7.3	11.2
Other		59.1	52.4
		-----	-----
	TOTAL OTHER ASSETS	77.0	79.9
		-----	-----
	TOTAL ASSETS	\$658.6	\$644.6
		=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY			

CURRENT LIABILITIES			
		\$108.6	\$103.5
LONG-TERM OBLIGATIONS			
		70.0	70.0
POST EMPLOYMENT BENEFITS			
		67.2	67.3
RESERVE FOR CAPACITY RATIONALIZATION			
		13.9	17.2
OTHER LIABILITIES			
		44.2	44.0
SHAREHOLDERS' EQUITY			
Preferred Stock			
Class A - No Par Value			
Authorized - 500,000 shares; Issued - None		--	--
Class B - No Par Value			
Authorized - 4,000,000 shares; Issued - None		--	--
Common Shares - Par Value \$1 a share			
Authorized - 28,000,000 shares		16.8	16.8
Issued - 16,827,941 shares			
Capital in excess of par value of shares		67.7	65.2
Retained income		417.4	386.1
Foreign currency translation adjustments		0.4	0.3
Net unrealized (loss) on marketable securities		(1.1)	0.1
Cost of 5,460,224 Common Shares in treasury (1995 - 4,998,674)		(142.5)	(123.8)
Unearned Compensation		(4.0)	(2.1)
		-----	-----
	TOTAL SHAREHOLDERS' EQUITY	354.7	342.6
		-----	-----
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$658.6	\$644.6
		=====	=====

See notes to financial statements

CLEVELAND-CLIFFS INC

STATEMENT OF CONSOLIDATED CASH FLOWS

	Increase (Decrease) in Cash and Cash Equivalents for Nine Months Ended Sept. 30, (In Millions)	
	1996	1995
OPERATING ACTIVITIES		
Net income	\$ 42.7	\$ 43.2
Depreciation and amortization:		
Consolidated	4.8	4.5
Share of associated companies	8.3	8.4
Provision for deferred income taxes	4.3	2.6
Increase (decrease) in capacity rationalization reserve	2.5	(0.2)
Tax credit		(12.2)
Increases to environmental reserve	1.8	10.7
Other	1.8	0.9
	66.2	57.9
Total Before Changes in Operating Assets and Liabilities		
Changes in operating assets and liabilities		
Marketable securities	(2.4)	0.6
Other	(7.6)	(26.1)
	56.2	32.4
NET CASH FROM OPERATING ACTIVITIES		
INVESTMENT ACTIVITIES		
Capital expenditures:		
Consolidated	(6.3)	(12.7)
Share of associated companies	(14.0)	(3.2)
Other		0.5
	(20.3)	(15.4)
NET CASH (USED BY) INVESTMENT ACTIVITIES		
FINANCING ACTIVITIES		
Dividends	(11.4)	(11.7)
Repurchase of common stock	(19.5)	(8.0)
Principal payment of long-term debt		(5.0)
Other		0.2
	(30.9)	(24.5)
NET CASH (USED BY) FINANCING ACTIVITIES		
EFFECT OF EXCHANGE RATE CHANGES ON CASH	0.1	(0.6)
	5.1	(8.1)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	139.9	140.6
	\$145.0	\$132.5
CASH AND CASH EQUIVALENTS AT END OF PERIOD	=====	=====
Income taxes paid	\$ 11.4	\$ 24.3
Interest paid on debt obligations	\$ 2.4	\$ 4.8

See notes to financial statements

CLEVELAND-CLIFFS INC

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1996

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in accordance with the instructions to Form 10-Q and should be read in conjunction with the financial statement footnotes and other information in the Company's 1995 Annual Report on Form 10-K. In management's opinion, the quarterly unaudited financial statements present fairly the Company's financial position and results in accordance with generally accepted accounting principles.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

References to the "Company" mean Cleveland-Cliffs Inc and consolidated subsidiaries, unless otherwise indicated. Quarterly results are not necessarily representative of annual results due to seasonal and other factors.

Certain prior year amounts have been reclassified to conform to current year classifications.

NOTE B - MCLOUTH BANKRUPTCY

On September 29, 1995, McLouth Steel Products Corporation, Inc. ("McLouth"), a significant customer, petitioned for protection under Chapter 11 of the U.S. Bankruptcy Code. The Company had periodically extended credit to McLouth. At the time of the bankruptcy filing, the Company had an unreserved receivable from McLouth of \$5.0 million, secured by first liens on certain McLouth fixed assets. A \$2.7 million reserve against the receivable was recorded in September, 1995.

On March 15, 1996, McLouth announced that it had begun a shutdown of its operations due to inadequate funds. The Company had supplied approximately 120,000 tons of pellets per month to McLouth in 1996 prior to shutdown. The Company has reserved all financial exposure from the McLouth shutdown, except the \$2.3 million unreserved receivable which is secured by first liens on property and equipment.

On June 26, 1996, the bankruptcy court approved the sale of McLouth's assets and an agreement to settle secured claims, including the Company's secured claim. Based on the terms of the agreement, the Company expects to recover the carrying value of its secured claim. Proceeds from the sale of McLouth's assets will be used primarily to satisfy administrative claims, including the Company's administrative claim.

NOTE C - ENVIRONMENTAL RESERVES

The Company has a formal code of environmental conduct which promotes environmental protection and restoration. The Company's obligations for known environmental problems at active mining operations, idle and closed mining operations and other sites have been recognized based on estimates of the cost of required investigation and remediation at each site. If the cost can only be estimated as a range of possible amounts with no specific amount being most likely, the minimum of the range is accrued in accordance with generally accepted accounting principles. Estimates may change as additional information becomes available. Actual cost incurred may vary from the estimates due to the inherent uncertainties involved. Any potential insurance recoveries have not been reflected in the determination of the financial reserve.

During the first nine months of 1996, the Company provided \$1.8 million of additional environmental reserves and made payments of \$1.1 million. The additional environmental provision reflects the Company's continuing review of estimated restoration expense at all known sites.

At September 30, 1996, the Company has an environmental reserve of \$23.5 million, of which \$4.2 million is current. The reserve includes the Company's obligations related to:

- Federal and State Superfund and Clean Water Act sites where the Company is named as a potential responsible party, including Cliffs-Dow and Kipling sites in Michigan, the Summitville mine site in Colorado, and the Rio Tinto mine site in Nevada, all of which sites are independent of the Company's iron mining operations. The reserves are based on the Company's share of engineering estimates of remedial investigations and remedial actions prepared by outside consultants engaged by the potential responsible parties. The Company continues to evaluate the recommendations and other means for site clean-up. Significant site clean-up activities have taken place at Cliffs-Dow since late 1993.
- Wholly-owned active and idle operations, including Northshore mine and Silver Bay power plant in Minnesota, which was acquired on September 30, 1994. The Northshore/Silver Bay reserve is based on an environmental investigation conducted by the Company and an outside consultant in connection with the purchase.
- Other sites, including current and former operations, for which reserves are based on the Company's estimated cost of investigation and remediation of sites where expenditures may be incurred.

Estimated environmental expenditures under current laws and regulations are not expected to materially impact the Company's consolidated financial statements.

NOTE D - INSURANCE RECOVERY

In January, 1996, the Company's Northshore Mining Company sustained property damage to 42 railroad ore cars relating to a train derailment. The property damage, less deductible, resulted in a net insurance recovery of \$2.0 million pre-tax.

NOTE E - ACCOUNTING AND DISCLOSURE CHANGES

In October, 1995, the Financial Accounting Standards Board issued Statement 123, entitled, "Accounting for Stock-Based Compensation," which establishes financial accounting and reporting standards for stock-based employee compensation plans. The standard is effective for years that begin after December 15, 1995. Management is evaluating the accounting and disclosure alternatives; however, no significant financial statement effect is expected.

MANAGEMENT'S DISCUSSION AND ANALYSIS
RESULTS OF OPERATIONS

COMPARISON OF THIRD QUARTER AND FIRST NINE MONTHS - 1996 AND 1995

Net income for the third quarter was \$21.3 million, or \$1.84 per share. Earnings in the third quarter of 1995 were \$17.3 million, or \$1.45 a share.

The \$4.0 million increase in third quarter earnings was principally due to increased volume and price realization on North American sales, a \$1.8 million after-tax reserve against accounts receivable in 1995, and higher Australian earnings, partly offset by higher operating costs.

Net income for the first nine months of 1996 was \$42.7 million, or \$3.66 a share, including a \$1.3 million after-tax property damage insurance recovery on a January, 1996 ore train derailment. In the first nine months of 1995, earnings were \$43.2 million, or \$3.61 a share, including income from two special items recorded in the second quarter: a \$12.2 million tax credit resulting from the settlement of prior years' tax issues, partly offset by a \$6.7 million after-tax increase in the reserve for environmental expenditures. Excluding the special items in both years, 1996 nine month earnings were \$41.4 million, or \$3.55 a share, compared with \$37.7 million, or \$3.15 a share, in 1995.

The \$3.7 million increase in nine month earnings before special items was mainly due to higher Australian earnings, increased North American sales volume, a \$1.8 million after-tax reserve against account receivable in 1995, increased royalties and fees, and lower interest expense, partly offset by higher operating costs and a higher effective income tax rate in 1996.

Following is a summary of results:

	(In Millions, Except Per Share)			
	Third Quarter		Nine Months	
	1996	1995	1996	1995
Income Before Special Items:				
Amount	\$ 21.3	\$ 17.3	\$ 41.4	\$ 37.7
Per Share	1.84	1.45	3.55	3.15
Special Items:				
Amount	--	--	1.3	5.5
Per Share	--	--	.11	.46
Net Income:				
Amount	21.3	17.3	42.7	43.2
Per Share	1.84	1.45	3.66	3.61

Earnings per share in the third quarter and first nine months of 1996 reflect the favorable effect of repurchasing shares under the Company's stock repurchase program.

Australian pre-tax earnings were \$4.9 million and \$14.1 million in the third quarter and first nine months of 1996. Comparable earnings in the third quarter and first nine months of 1995 were \$3.9 million and \$7.4 million respectively. The Australian operation is projected to cease operations in the first quarter of 1997.

* * *

The Company's managed mines in North America produced 10.6 million tons of pellets in the third quarter of 1996, unchanged from 1995. Nine month production was 29.4 million tons in 1996, which was also unchanged from 1995.

The Company's North American iron ore pellet sales in the third quarter of 1996 were 3.8 million tons compared with 3.2 million tons in 1995. Nine month sales were 7.7 million tons versus 7.0 million tons in 1995. Sales for 1996 are expected to approximate 11.0 million tons versus 10.4 million tons sold in 1995. Sales tonnage includes ore purchased for resale.

LIQUIDITY

At September 30, 1996, the Company had cash and marketable securities of \$156.3 million. Since December 31, 1995, cash and marketable securities have increased \$7.5 million due to cash flow from operations, \$66.2 million, partially offset by capital expenditures, \$20.3 million, repurchases of common stock, \$19.5 million, dividends, \$11.4 million, and increased working capital, \$7.6 million.

Capital additions and replacements at the six Company-managed mines in North America are projected to total approximately \$71 million in 1996. The Company's share of such 1996 expenditures is expected to approximate \$24 million.

On April 15, 1996, the Company announced an international joint venture to produce and market premium quality reduced iron briquettes to the steel industry. All definitive project documents were subsequently signed on May 8, 1996. The venture's participants, through subsidiaries, will be Cleveland-Cliffs Inc, 46.5 percent; The LTV Corporation, 46.5 percent; and Lurgi AG of Germany, 7 percent. The Company will manage the \$150 million project, to be located in Trinidad and Tobago, and will be responsible for sales by the venture company, Cliffs and Associates Limited. The Company's share of capital expenditures is estimated to be \$70 million, of which \$17 million (\$9.2 million through September 30) is expected to be spent in 1996. No project financing will be utilized.

Cliffs and Associates Limited has entered into forward currency exchange contracts to hedge the Deutsche Mark as part of the construction project. The purpose of the contracts is to manage the risk of exchange rate fluctuation with respect to the portion of project construction costs denominated in the Deutsche Mark. The Company's share of outstanding contracts, which have varying maturity dates to June 1, 1998, have an aggregate contract value of \$14.9 million and an aggregate estimated fair value of \$14.4 million, at September 30, 1996.

The Company has \$70.0 million of senior unsecured notes outstanding with a group of private investors. The notes which have a fixed interest rate of 7.0 percent are due in December, 2005. In addition, the Company has a \$100 million revolving credit agreement. No borrowings are outstanding under this agreement which was amended in July, 1996 to extend the expiration date by one year to March 1, 2001. The Company was in compliance with all financial covenants and restrictions of the agreements.

In January, 1995, the Company commenced a program to repurchase up to 600,000 shares of its common shares in the open market or in negotiated transactions. In July, 1996, the Company announced the expansion of this program to 1.0 million shares, an increase of 400,000 shares. Under the combined program the Company has repurchased 780,300 shares through October 14 at a total cost of \$30.3 million.

The Company initially established a reserve in 1983 for expected costs of reorienting its mining joint ventures and facilities to adjust to changed market conditions. The reserve balance is principally for the planned shutdown of Savage River Mines in Tasmania, Australia, in the first quarter of 1997, and the permanent shutdown of the Republic Mine, which was announced on January 30, 1996. The Republic Mine has been idle since 1981. Expenditures for the next twelve months, for both Savage River Mines and Republic Mine, are projected to approximate \$16.3 million.

Pursuant to the Coal Industry Retiree Health Benefit Act of 1992 ("Benefit Act"), the Trustees of the UMW Combined Benefit Fund have assigned responsibility to the Company for premium payments with respect to retirees, dependents, and "orphans" (unassigned beneficiaries), representing less than one-half of one percent of all "assigned beneficiaries" under the Benefit Act. The Company is making premium payments under protest and is contesting the assignments that it believes were incorrect. Premium payments by the Company were \$.2 million in the third quarter of 1996 and \$.2 million in the third quarter of 1995. Additionally, in December, 1993, a complaint was filed by the Trustees of the United Mine Workers of America 1992 Benefit Plan against the Company demanding the payment of premiums on additional beneficiaries related to two formerly operated joint venture coal mines. The Company is actively contesting the complaint. Monthly premiums are being paid into an escrow account (80% by a former joint venture participant and 20% by the Company) by joint agreement with the Trustee, pending outcome of the litigation. At September 30, 1996, the Company's coal retiree reserve was \$9.7 million, of which \$1.3 million is expected to be paid in 1996. The reserve is reflected at present value, using a discount rate of 7.25%. Constitutional and other legal challenges to various provisions of the Benefit Act by other former coal producers are pending in the Federal Courts.

CAPITALIZATION

Long-term obligations effectively serviced by the Company at September 30, 1996, including the current portion, totalled \$76.8 million. The following table sets forth information concerning long-term obligations guaranteed and effectively serviced by the Company.

	(Millions)			
	September 30, 1996		December 31, 1995	
	Obligations Effectively Serviced	Total Long-Term Obligations and Guarantees	Obligations Effectively Serviced	Total Long-Term Obligations and Guarantees
Consolidated	\$70.0	\$70.0	\$70.0	\$70.0
Share of Unconsolidated Affiliates	6.8	13.4*	6.3	12.9*
Total	\$76.8 =====	\$83.4 =====	\$76.3 =====	\$82.9 =====
Ratio to Shareholders' Equity	.2:1	.2:1	.2:1	.2:1

* Includes \$6.6 million of Empire Mine debt obligations which are serviced by LTV and Wheeling and mature in December, 1996.

At September 30, 1996, the Company was in compliance with all financial covenants and restrictions related to its medium-term, unsecured senior note agreement.

The fair value of the Company's long-term debt (which had a carrying value of \$70.0 million) at September 30, 1996 was estimated at \$66.6 million based on a discounted cash flow analysis and estimates of current borrowing rates.

Following is a summary of common shares outstanding:

	1996	1995	1994
	-----	-----	-----
March 31	11,832,767	12,031,392	12,079,885
June 30	11,614,517	11,892,092	12,080,560
September 30	11,367,717	11,898,467	12,091,310
December 31		11,829,267	12,099,860

AUSTRALIAN OPERATIONS

The Company's subsidiary, Pickands Mather & Co. International ("PMI"), has received notice from the Tasmanian government asserting certain environmental obligations in connection with rehabilitating the Savage River Mine site. PMI asserts that all obligations to rehabilitate the mine and plant sites are specified in the Rehabilitation Plan agreement between the State of Tasmania and PMI, which agreement was formalized in June, 1990 by an Act of Parliament and was a condition of PMI's acquisition of interests in the mine from Japanese steel companies. PMI has provided reserves for all environmental and other rehabilitation obligations specified in the Rehabilitation Plan. The government is discussing continuation of mining at the site with another party. PMI is discussing these matters with the government and expects a satisfactory resolution.

OTHER DEVELOPMENT

The labor contract economic reopeners at the Empire, Hibbing Taconite and Tilden mines were settled based on the pattern of the recent steel company settlements. The contracts expire on August 1, 1999.

OUTLOOK FOR 1996

North American steel production volume remains strong with operating rates at relatively high levels. The steel order rate in the third quarter showed surprising firmness in the usually weakest period of the year.

Steelmakers in the U.S. and Canada are shipping steel at a pace that projects full-year 1996 shipments to exceed the 112 million tons shipped in 1995, and to be the highest recorded since 1979. Industry analysts are optimistic that 1997 steel shipments will approximate 1996.

The six North American mines managed by the Company are operating at nearly full capacity and are scheduled to produce 39.8 million tons, a slight decrease from the previous forecast but still slightly higher than the 39.6 million tons produced in 1995. The Company's share of scheduled production is 10.4 million tons in 1996 versus 9.8 million tons in 1995.

BUSINESS RISK

In addition to the preparation of financial statements in conformity with generally accepted accounting principles, as described in Note A - Basis of Presentation, this report contains forward-looking statements. Such statements include discussions of capital expenditures, production and sales, development of a new venture, and financial obligations. These forward-looking statements are based on the Company's current expectations that are subject to risks and uncertainties, which could materially impact the expected results.

The Company's dominant business is the production and sale of iron ore, and is, therefore, subject to the cyclical nature of the steel industry. The North American steel industry has experienced high operating rates in recent years. Most steel company partners and customers of the Company have improved their financial condition due to better operating results and increased equity capital. However, the integrated steel industry continues to have relatively high fixed costs and obligations.

The improvement in most steel companies' financial positions has reduced the major near-term business risk faced by the Company, i.e., the potential financial failure and shutdown of one or more of its significant customers or partners, with the resulting loss of ore sales or royalty and management fee income. However, if any such shutdown were to occur without mitigation through replacement sales or cost reduction, it would represent a significant adverse financial development to the Company.

QUARTERLY FLUCTUATIONS

Quarterly shipments and financial results can fluctuate significantly within each year due to customer-dictated timing of shipments and winter ice conditions on the Great Lakes.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

- (a) List of Exhibits - Refer to Exhibit Index on page 14.
- (b) There were no reports on Form 8-K filed during the three months ended September 30, 1996.

SIGNATURE

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 thereunto duly authorized.

CLEVELAND-CLIFFS INC

Date November 13, 1996

By /s/ J. S. Brinzo

J. S. Brinzo
Executive Vice President-Finance and
Principal Financial Officer

EXHIBIT INDEX

Exhibit Number	Exhibit	
4(a)	Admendment dated as of July 19, 1996, to the Credit Agreement dated as of March 1, 1995, among Cleveland-Cliffs Inc, the banks named therein and the Chase Manhattan Bank, as Agent	Filed Herewith
10(a)	Amended and Restated Cleveland-Cliffs Inc Retirement Plan for Non-Employee Directors, effective as of July 1, 1995	Filed Herewith
10(b)	Cleveland-Cliffs Inc Nonemployee Directors' Supplemental Compensation Plan, effective as of July 1, 1995	Filed Herewith
11	Statement re computation of earnings per share	Filed Herewith
27	Consolidated Financial Data Schedule submitted for Securities and Exchange Commission information only	

Exhibit 4(a)

AMENDMENT dated as of July 19, 1996, to the Credit Agreement dated as of March 1, 1995 (the "Agreement"), among CLEVELAND-CLIFFS INC, an Ohio corporation (the "Borrower"), the financial institutions party to such Agreement (the "Banks") and THE CHASE MANHATTAN BANK, a New York banking corporation, as agent for the Banks (in such capacity, the "Agent").

The Borrower has requested that the Banks extend the maturity of the credit facility provided for in the Agreement, and the Banks are willing to extend their Commitments under the Agreement as provided herein. Accordingly, in consideration of the mutual agreements herein contained and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto here agree as follows:

SECTION 1. DEFINITIONS. (a) Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Agreement (the Agreement, as amended by and together with this Amendment, and as hereinafter amended, modified, extended or restated from time to time, being called the "Amended Agreement").

(b) The definition of "Maturity Date" in Section 1.01 of the Agreement is hereby amended, as of the Effective Date (as defined in Section 3 herein), to read in its entirety as follows:

"'MATURITY DATE' shall mean March 1, 2001."

SECTION 2. REPRESENTATIONS AND WARRANTIES.

(a) The Borrower hereby represents and warrants to each of the Banks, on and as of the date hereof, and then again represents and warrants to each of the Banks on and as of the Effective Date, that:

(i) This Amendment has been duly authorized, executed and delivered by the Borrower, and each of this Amendment and the Amended Agreement constitutes a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms.

(ii) The representations and warranties set forth in Article III of the Amended Agreement are true and correct in all material respects with the same effect as if made on and as of the date hereof and on and as of the Effective Date, after giving effect to this Amendment.

(iii) No Event of Default or event which upon notice of lapse of time or both would constitute an Event of Default has occurred and is continuing.

(b) If any representation or warranty made by the Borrower pursuant to the preceding paragraph (a) shall prove to have been incorrect in any material respect when made, then an Event of Default shall be deemed to have occurred under item (a) of Article VII of the Amended Agreement.

SECTION 3. CONDITIONS TO EFFECTIVENESS. This Agreement shall become effective only upon satisfaction in full, on or prior to July 19, 1996, of the following conditions precedent (such date, in the event that each of such conditions has been satisfied, being herein called the "Effective Date"):

(a) The Agent shall have received duly executed counterparts of this Amendment which, when taken together, bear the authorized signatures of the Borrower, each of the Banks and the Agent.

(b) The Agent shall have received a certificate dated the Effective Date and signed by a Responsible Officer, confirming the representations and warranties set forth in paragraph (a) of Section 2 above.

(c) The Agent shall have received such evidence of the authority of the Borrower to execute, deliver and perform this Amendment as the Agent or its counsel shall reasonably have requested.

SECTION 4. APPLICABLE LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 5. COUNTERPARTS. This Amendment may be executed in any number of counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one agreement. Counterparts of this

Amendment may be delivered via telecopy transmission with the same effect as the delivery of a manually executed counterpart.

SECTION 6. EXPENSES. The Borrower shall pay all reasonable out-of-pocket expenses incurred by the Agent in connection with the preparation, execution and delivery of this Amendment, including but not limited to the reasonable fees, charges and disbursements of Cravath, Swaine & Moore, counsel for the Agent.

SECTION 7. AGREEMENT. Except as specifically amended or modified hereby, the Agreement shall continue in full force and effect in accordance with the provisions thereof. As used therein, the terms "Agreement", "herein", "hereunder", "hereinafter", "hereto", "hereof" and words of similar import shall, unless the context otherwise requires, refer to the Amended Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their duly authorized officers, all as of the date first above written.

CLEVELAND-CLIFFS INC,

by /s/ CYNTHIA B. BEZIK

Name: Cynthia B. Bezik
Title: Vice President and
Treasurer

THE CHASE MANHATTAN BANK,
individually and as agent,

by /s/ James H. Ramage

Name: James H. Ramage
Title: Vice President

NBD BANK,

by /s/ Winifred S. Pinet

First Vice President

NATIONAL CITY BANK

by /s/ David R. Evans

*PNC BANK, NATIONAL
ASSOCIATION,*

by /s/ Mark Rutherford

THE HUNTINGTON NATIONAL BANK,

by /s/ Timothy M. Ward

KEYBANK NATIONAL ASSOCIATION,

by /s/ William J. Kysela

Exhibit 10(a)

**AMENDED AND RESTATED CLEVELAND-CLIFFS INC
RETIREMENT PLAN FOR NON-EMPLOYEE DIRECTORS**

THIS RETIREMENT PLAN FOR NON-EMPLOYEE DIRECTORS ("Plan") was established effective June 1, 1984 by The Cleveland-Cliffs Iron Company ("Cliffs Iron") and adopted and assumed by Cleveland-Cliffs Inc, an Ohio corporation ("Cleveland-Cliffs" or the "Company"), effective September 1, 1985, amended and restated effective January 1, 1988, amended by First Amendment, dated July 1, 1995, and is amended and restated effective July 1, 1995 to read as follows:

RECITALS

A. The Board of Directors of the Company (the "Board of Directors") has determined that the Participants (as hereinafter defined) have, individually and collectively, made and may continue to make an essential contribution to the profitability, growth, financial strength and overall guidance of the Company.

B. The Company wishes to provide an incentive to attract and maintain the highest quality of individuals to serve as directors (the "Directors") of the Company.

SECTION 1. ESTABLISHMENT OF THE PLAN

1.1 THE PLAN. The Company, intending that the Participants and Directors shall rely thereon, hereby establishes this Plan.

1.2 AMENDMENTS, ETC. The Company shall not amend, suspend or terminate this Plan or any provision hereof, including without limitation this

Section 1.2, without the prior approval of a majority of the Directors present at a meeting of the Board of Directors at which a quorum (as defined in the

Regulations of the Company) is present. Anything in the Plan to the contrary notwithstanding, and notwithstanding any amendment, suspension or termination (hereinafter in this Section 1.2 collectively referred to as an "Amendment") of the Plan, no right under the Plan of any person who was a Participant or a Director immediately prior to any Amendment shall in any way be amended, modified, compromised, terminated or suspended without the prior written consent of such person. Without such consent, the rights under the Plan of a Participant and Director withholding such consent shall be as set forth in the Plan in the form that the Plan existed on the date such person's rights under the Plan vested as set forth in Section 2.2 (as amended by any Amendment consented to by such person).

SECTION 2. PARTICIPANTS

2.1 PARTICIPANTS. Each Director who has never been an employee or officer of the Company or Cliffs Iron and who first serves as a Director before July 1, 1995 (an "Outside Director") shall become a Participant in the Plan upon the completion of five years of continuous service as a Director. For the purposes of determining such five-year period of service, service as a director of Cliffs Iron prior to September 1, 1985 shall be aggregated with service as an Outside Director.

2.2 VESTING. The rights under the Plan of all persons who are Directors as of the date of adoption of the Plan shall vest simultaneously with the adoption of the Plan by the Company, and the rights under the Plan of all persons who become Directors subsequent to the adoption of the Plan shall vest immediately upon their election as Directors; PROVIDED, HOWEVER, that the right of any Director to receive any benefits pursuant to Section 3 of the Plan shall be subject to the qualification of such Director as a Participant hereunder and

to the Director's satisfaction of the requirements of Section 3 with respect to benefit entitlement.

2.3 PARTICIPATION UPON CHANGE OF CONTROL. Anything contained herein to the contrary notwithstanding, in the event of a "Change of Control" (as hereinafter defined), each Outside Director shall become a Participant in the Plan. A "Change of Control" shall mean the occurrence of any of the following events:

(a) The Company shall merge into itself, or be merged or consolidated with, another corporation and as a result of such merger or consolidation less than 70% of the outstanding voting securities of the surviving or resulting corporation shall be owned in the aggregate by the former shareholders of the Company as the same shall have existed immediately prior to such merger or consolidation;

(b) The Company shall sell or otherwise transfer all or substantially all of its assets to any other corporation or other legal person, and immediately after such sale or transfer less than 70% of the combined voting power of the outstanding voting securities of such corporation or person is held in the aggregate by the former shareholders of the Company as the same shall have existed immediately prior to such sale or transfer;

(c) A person, within the meaning of Section 3(a)(9) or of Section 13(d)(3) (as in effect on July 1, 1995) of the Securities Exchange Act of 1934, shall become the beneficial owner (as defined in Rule 13d-3 of the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934) of 30% or more of the outstanding voting securities of the Company (whether directly or indirectly); or

(d) During any period of three consecutive years, individuals who at the beginning of any such period constitute the Board of Directors of the Company cease, for any reason, to constitute at least a majority thereof, unless the election, or the nomination for election by the shareholders of the Company, of each Director first elected during any such period was approved by a vote of at least one-third of the Directors of the Company who are Directors of the Company on the date of the beginning of any such period.

SECTION 3. POST-RETIREMENT INCOME

3.1 POST-RETIREMENT INCOME. Commencing upon a Participant's retirement from the Board of Directors (i) after attaining the normal retirement age for Directors, as established from time to time by the Board of Directors, with at least five years of continuous service as a Director, (ii) because of disability or health reasons, (iii) with the consent of the Board of Directors, or (iv) after a Change of Control (hereinafter collectively referred to as the Participant's "Commencement Date"), the Company will pay quarterly to the Participant an amount equal to the greatest of (v) One Hundred Percent (100%) of the stated quarterly Board of Directors retainer fee for service as an Outside Director which is in effect on the Participant's Commencement Date, (vi) One Hundred Percent (100%) of the stated quarterly Board of Directors retainer fee for service as an Outside Director which is in effect on the day immediately preceding a Change of Control, or (vii) One Hundred Percent (100%) of the stated quarterly Board of Directors retainer fee which is in effect from time to time; PROVIDED, HOWEVER, that if a Participant's Commencement Date is on account of an event described in clause (iv) of this Section 3.1, such amount shall be reduced for any Participant with fewer than five years of continuous service as an Outside Director by Twenty Percent (20%) for each full year of continuous service

less than five that such Participant has served as an Outside Director. For purposes of this Section 3.1, when determining the amount of an Outside Director's stated quarterly Board of Directors retainer fee, such retainer fee shall be deemed to include the stock component (if any, and whether restricted or unrestricted) of such fee. The duration of post-retirement income payments described in this Section 3.1 shall be as more fully described in Section 3.2. For purposes of this Section 3.1, the term "retirement" of an Outside Director shall include, following a Change of Control, resignation or the failure of the stockholders of the Company to re-elect such Outside Director.

3.2 FORM OF PAYMENT. Post-retirement income payable pursuant to Section 3.1 shall be paid to the Participant in cash for such Participant's life in equal quarterly installments, each installment to be paid in advance on the first day of each quarter, beginning with the quarter that begins on the first day of the January, April, July or October coinciding with or next following such Participant's Commencement Date.

(a) Anything contained herein to the contrary notwithstanding, and subject to the provisions of subsection (c) of this Section 3.2, in the event a Participant is married on his Commencement Date, such Participant may elect to have his post-retirement income paid in the form of a "Joint and Survivor Benefit" (as hereinafter defined). For purposes of this Section 3.2, a "Joint and Survivor Benefit" is a reduced post-retirement income that is payable to the Participant in equal quarterly installments for his life with the provision that, in the event the Participant should predecease his "Surviving Spouse" (as defined in subsection (b) of this Section 3.2), One Hundred Percent (100%) of such reduced post-retirement income shall be paid to his Surviving Spouse in equal quarterly installments for the duration of her life. Quarterly installments of the Joint and Survivor Benefit will be paid as more particularly set forth in the

first paragraph of this Section 3.2. The post-retirement income payable to a Participant pursuant to the provisions of this subsection (a) shall be the "Actuarial Equivalent" (as defined in subsection (b) of this Section 3.2) of the post-retirement income described in the first paragraph of this Section 3.2.

(b) For purposes of this Section 3.2, the following terms shall have the following meanings. A Participant's "Surviving Spouse" is the person to whom the Participant is legally married on his Commencement Date. "Actuarial Equivalent" means a payment or series of payments having the same present value as the normal form of benefit distribution described in the first paragraph of this Section 3.2, and calculated based on (i) the mortality table in effect as of the date benefit distribution commences, which mortality table shall be the table prescribed by the Secretary of the Treasury and required for pension plan compliance under the provisions of Section 417(e) of the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder, and (ii) interest equal to the average annual rate of interest on 30-year Treasury securities for the month prior to the month benefit distribution commences.

(c) Any married Participant may elect to have his post-retirement income paid in the form of a Joint and Survivor Benefit, as more particularly set forth in subsection (a) above, by written notice filed with the Board Affairs Committee of the Board of Directors (the "Committee") at least one year prior to the Participant's Commencement Date. Any such election may be changed by the Participant at any time and for any number of times prior to the Participant's Commencement Date and without the consent of any other person by the Participant filing a later signed written election with the Committee; PROVIDED, HOWEVER, that any election made less than one year prior to the Participant's Commencement Date shall not be valid. A Participant's election of the Joint and Survivor Benefit pursuant to the provisions of this subsection (c) shall become

irrevocable when the Participant commences receipt of benefits hereunder. Notwithstanding the foregoing proviso, any election made during the Thirty (30) day period which commences September 1, 1996 shall be a valid election for purposes of this subsection (c).

SECTION 4. GENERAL PROVISIONS

4.1 SUCCESSORS AND BINDING AGREEMENTS. (a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business and/or assets of the Company expressly to assume and to agree to perform this Plan in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. This Plan shall be binding upon and inure to the benefit of the Company and any successor of or to the Company, including without limitation any persons acquiring directly or indirectly all or substantially all of the business and/or assets of the Company whether by sale, merger, consolidation, reorganization or otherwise (and such successor shall thereafter be deemed the "Company" for the purposes of this Agreement), but shall not otherwise be assignable or delegatable by the Company.

(b) This Plan shall inure to the benefit of and be enforceable by each of the Participants or Directors and his respective personal or legal representatives, executors, administrators, successors, heirs, distributees and/or legatees.

(c) Neither the Company nor any Participant or Director hereunder shall assign, transfer or delegate this Plan or any rights or obligations hereunder except as expressly provided in Section 4.1(a). Without limiting the generality of the foregoing, no right or interest under this Plan of a Participant or Director (or any person claiming through or under any of them)

shall be assignable or transferable in any manner or be subject to alienation, anticipation, sale, pledge, encumbrance or other legal process or in any manner be liable for or subject to the debts or liabilities of any such Participant or Director or designated beneficiary. If any Participant or Director or designated beneficiary shall attempt to or shall transfer, assign, alienate, anticipate, sell, pledge or otherwise encumber his benefits hereunder or any part thereof, or if by reason of his bankruptcy or other event happening at any time such benefits would devolve upon anyone else or would not be enjoyed by him, then the Company, acting through the Board Affairs Committee of the Board of Directors, in its discretion, may terminate his interest in any such benefit to the extent the Company considers necessary or advisable to prevent or limit the effects of such occurrence. Termination shall be affected by filing a written "termination declaration" with the Plan's records and making reasonable efforts to deliver a copy to the Participant or Director or designated beneficiary (the "Terminated Participant") whose interest is adversely affected.

As long as the Terminated Participant is alive, any benefits affected by the termination shall be retained by the Company and, in the Company's sole and absolute judgment, may be paid to or expended for the benefit of the Terminated Participant, his spouse, his children or any other person or persons in fact dependent upon him in such a manner as the Company shall deem proper. Upon the death of the Terminated Participant, all benefits withheld from him and not paid to others in accordance with the preceding sentence shall be paid to the Terminated Participant's then living descendants, including adopted children, PER STIRPES, or, if there are none then living, to his estate.

4.2 NOTICES. For all purposes of this Plan, all communications provided for herein shall be in writing and shall be deemed to have been duly given when delivered or five business days after having been mailed by United

States registered or certified mail, return receipt requested, postage prepaid, addressed to the Company (to the attention of the Secretary of the Company) at its principal executive office and to a Participant at his principal residence, or to such other address as any party may have furnished to the other in writing and in accordance herewith, except that notices of change of address shall be effective only upon receipt.

4.3 GOVERNING LAW. The validity, interpretation, construction and performance of this Plan shall be governed by the laws of the State of Ohio, without giving effect to the principles of conflict of laws of such State.

4.4 SEVERABILITY. Each section, subsection and lesser section of this Plan constitutes a separate and distinct undertaking, covenant and/or provision hereof. Whenever possible, each provision of this Plan shall be interpreted in such manner as to be effective and valid under applicable law. In the event that any provision of this Plan shall finally be determined to be unlawful, such provision shall be deemed severed from this Plan, but every other provision of this Plan shall remain in full force and effect, and in substitution for any such provision held unlawful, there shall be substituted a provision of similar import reflecting the original intention of the parties hereto to the extent permissible under law.

4.5 WITHHOLDING OF TAXES. The Company may withhold from any amounts payable under this Plan all federal, state, city and other taxes as shall be legally required.

4.6 GENDER, NUMBER, ETC. As used in this Plan, the singular shall include the plural and the masculine shall include the feminine, and vice versa.

IN WITNESS WHEREOF, this Amended and Restated Plan has been duly adopted by the Company as of July 1, 1995.

CLEVELAND-CLIFFS INC

By /s/ M. T. Moore

Chairman and Chief Executive Officer

Exhibit 10(b)

**CLEVELAND-CLIFFS INC
NONEMPLOYEE DIRECTORS' SUPPLEMENTAL COMPENSATION PLAN**

WHEREAS, the Board of Directors of Cleveland-Cliffs Inc (the "Board of Directors") has determined that the "Participants" (as defined in Section 2.1) have, individually and collectively, made and may continue to make an essential contribution to the profitability, growth, financial strength and overall guidance of Cleveland-Cliffs Inc (the "Company") and

WHEREAS, the Company desires to provide an incentive to attract and maintain the highest quality of individuals to serve as directors (the "Directors");

NOW, THEREFORE, by approval of the Board of Directors of the Company, the Company hereby establishes the CLEVELAND-CLIFFS INC NONEMPLOYEE DIRECTORS' SUPPLEMENTAL COMPENSATION PLAN (the "Plan") to be effective as of July 1, 1995, which Plan shall contain the following terms and conditions:

ARTICLE I

ESTABLISHMENT OF THE PLAN

1.1 THE PLAN. The Company, intending that the Participants and Directors shall rely thereon, hereby establishes the Plan.

1.2 AMENDMENT, SUSPENSION OR TERMINATION OF PLAN. The Company shall not amend, suspend or terminate the Plan or any provision hereof, including without limitation this Section 1.2, without the prior approval of a majority of the Directors present at a meeting of the Board of Directors at which a "quorum" (as defined in the Regulations of the Company) is present. Anything contained in the Plan to the contrary notwithstanding, and notwithstanding any amendment, suspension or termination (hereinafter collectively referred to in this Section 1.2 as an "Amendment") of the Plan, no right under the Plan of any person who was a

Participant or a Director immediately prior to any Amendment shall in any way be amended, modified, compromised, terminated or suspended without the prior written consent of such person. Without such consent, the rights under the Plan of a Participant and Director withholding such consent shall be as set forth in the Plan in the form that the Plan existed on the date such person's rights under the Plan vested, as set forth in Section 2.2 (as such Section 2.2 may be amended by any Amendment consented to by such person).

ARTICLE II

PARTICIPANTS

2.1 **PARTICIPANTS.** Each Director who has never been an employee or officer of the Company and who first serves as a Director on or after July 1, 1995 (an "Outside Director") shall become a Participant in the Plan upon the completion of five years of continuous service as a Director.

2.2 **VESTING.** The rights under the Plan of all persons who are Directors and who first serve as such on or after July 1, 1995 shall vest immediately upon their election as Directors; **PROVIDED, HOWEVER,** that the right of any Director to receive any benefits pursuant to Article III of the Plan shall be subject to the qualification of such Director as a Participant hereunder and to such Director's satisfaction of the requirements of Article III with respect to benefit entitlement.

2.3 **PARTICIPATION UPON CHANGE OF CONTROL.** Anything contained herein to the contrary notwithstanding, in the event of a "Change of Control" (as hereinafter defined), each Outside Director shall become a Participant in the Plan. A "Change of Control" shall mean the occurrence of any of the following events:

(a) The Company shall merge into itself, or be merged or consolidated with, another corporation and as a result of such merger or consolidation less than 70% of the outstanding voting securities of the surviving or resulting corporation shall be owned in the aggregate by the former shareholders of the Company as the same shall have existed immediately prior to such merger or consolidation;

(b) The Company shall sell or otherwise transfer all or substantially all of its assets to any other corporation or other legal person, and immediately after such sale or transfer less than 70% of the combined voting power of the outstanding voting securities of such corporation or person is held in the aggregate by the former shareholders of the Company as the same have existed immediately prior to such sale or transfer;

(c) A person, within the meaning of Section 3(a)(9) or of Section 13(d)(3) (as in effect on July 1, 1995) of the Securities Exchange Act of 1934, shall become the beneficial owner (as defined in Rule 13d-3 of the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934) of 30% or more of the outstanding voting securities of the Company (whether directly or indirectly); or

(d) During any period of three consecutive years, individuals who at the beginning of any such period constitute the Board of Directors of the Company cease, for any reason, to constitute at least a majority thereof, unless the election, or the nomination for election by the shareholders of the Company, of each Director first elected during any such period was approved by a vote of at least one-third of the Directors of the Company who are Directors of the Company on the date of the beginning of any such period.

**ARTICLE III
POST-RETIREMENT INCOME**

3.1 POST-RETIREMENT INCOME. Commencing upon a Participant's retirement from the Board of Directors (i) with at least five years of continuous service as a Director, or (ii) after a Change of Control (hereinafter collectively referred to as the Participant's "Commencement Date"), the Company will pay quarterly to the Participant an amount equal to Fifty Percent (50%) of the stated quarterly Board of Directors retainer fee for service as an Outside Director which is in effect on the Participant's retirement; PROVIDED, HOWEVER, that such amount shall only be payable to a Participant during his "Payment Period" (as defined in Section 3.2); PROVIDED FURTHER, that payment of such amount shall not commence prior to the Participant's 65th birthday, except in the case of disability of the Participant; and, PROVIDED FURTHER, that if a Participant's Commencement Date is on account of an event described in clause (ii) of this Section 3.1, such amount shall be reduced for any Participant with fewer than five years of continuous service as an Outside Director by Twenty Percent (20%) for each full year of continuous service less than five that such Participant has served as an Outside Director. For purposes of this Section 3.1, when determining the amount of an Outside Director's stated quarterly Board of Directors retainer fee, such retainer fee shall be deemed to include the stock component (if any, and whether restricted or unrestricted) of such fee. The duration of post-retirement income payments described in this Section 3.1 shall be as more fully described in Section 3.2. For purposes of this Section 3.1, the term "retirement" of an Outside Director shall be deemed to include: (i) the failure of the stockholders of the Company to re-elect such Outside Director; PROVIDED, HOWEVER, that the right of any Director to receive benefits pursuant to the provisions of this Article III shall be subject to the Director's satisfaction of the applicable requirements of Article III with respect to benefit entitlement, and (ii) following a Change of

Control, resignation or the failure of the stockholders of the Company to re-elect such Outside Director.

3.2 FORM OF PAYMENT. Post-retirement income payable pursuant to Section 3.1 shall be paid to the Participant for a period equal to his years of continuous service on the Board of Directors (the "Payment Period"). Such post-retirement income shall be paid in cash to the Participant in equal quarterly installments, each installment to be paid in advance on the first day of each quarter, beginning with the quarter that begins on the first day of the January, April, July or October coinciding with or next following such Participant's Commencement Date. In the event a Participant who is married on his Commencement Date dies during his Payment Period and prior to the distribution of all post-retirement income to which he is entitled hereunder, the remaining post-retirement income installment payments shall be paid to his "Surviving Spouse" (as hereinafter defined) for the remainder of the Payment Period or, if earlier, until the death of such Surviving Spouse. For purposes of this Section 3.2, "Surviving Spouse" means the person to whom a Participant is legally married on his Commencement Date. In the event a Participant who is not married on his Commencement Date dies during his Payment Period and prior to the distribution of all post-retirement income to which he is entitled hereunder, the last payment made hereunder shall be the payment made to the Participant for the quarter during which his death occurs.

ARTICLE IV

GENERAL PROVISIONS

4.1 SUCCESSORS AND BINDING AGREEMENTS.

(a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business and/or assets of the Company expressly to assume and agree to perform hereunder the Plan in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. The Plan shall be binding upon and inure to the benefit of the Company and any successor of or to the Company, including without limitation any persons acquiring directly or indirectly all or substantially all of the business and/or assets of the Company whether by sale, merger, consolidation, reorganization or otherwise (and such successor shall thereafter be deemed to be the "Company" for purposes of this Plan), but shall not otherwise be assignable or delegatable by the Company.

(b) The Plan shall inure to the benefit of and be enforceable by each of the Participants or Directors and his respective personal or legal representatives, executors, administrators, successors, heirs, distributees and/or legatees.

(c) Neither the Company nor any Participant or Director hereunder shall assign, transfer or delegate the Plan or any rights or obligations hereunder, except as expressly provided in Section 4.1(a). Without limiting the generality of the foregoing, no right or interest under the Plan of a Participant or Director (or of any person claiming under or through any of them) shall be assignable or transferable in any manner or be subject to alienation, anticipation, sale, pledge, encumbrance or other legal process or in any manner be liable for or subject to the debts or liabilities of any such Participant or Director or designated beneficiary. If any Participant or Director or designated beneficiary shall attempt to or shall transfer, assign,

alienate, anticipate, sell, pledge or otherwise encumber his benefits hereunder or any part thereof, or if by reason of his bankruptcy or other event occurring at any time such benefits would devolve upon anyone else or would not be enjoyed by him, then the Company, acting through the Board Affairs Committee of the Board of Directors, in its discretion, may terminate his interest in any such benefit to the extent the Company considers it necessary or advisable in order to prevent or limit the effects of such occurrence. Such termination shall be affected by filing a written "termination declaration" with the Plan's records and by making reasonable efforts to deliver a copy of such "termination declaration" to the Participant or Director or designated beneficiary (the "Terminated Participant") whose interest is adversely affected.

As long as the Terminated Participant is alive, any benefits affected by the termination shall be retained by the Company and, in the Company's sole and absolute judgment, may be paid to or expended for the benefit of the Terminated Participant, his spouse, his children or any other person or persons in fact dependent upon him in such a manner as the Company shall deem proper. Upon the death of the Terminated Participant, all benefits withheld from him and not paid to others in accordance with the preceding sentence shall be paid to the Terminated Participant's then living descendants, including adopted children, per stirpes, or, if there are none then living, to his estate.

4.2 NOTICES. For all purposes of this Plan, all communications provided for herein shall be in writing and shall be deemed to have been duly given when delivered on five business days after having been mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed to the Company (to the attention of the Secretary of the Company) at its principal executive office and to a Participant at his principal residence, or to such other address as any party may have furnished to the other in writing and

in accordance herewith, except that notices of change of address shall be effective only upon receipt.

4.3 FORFEITURE OF POST-RETIREMENT INCOME. No post-retirement income shall be paid to any Participant or Surviving Spouse hereunder unless the Participant agrees (i) to be available to the Company in an unpaid advisory capacity on and after his Commencement Date, and (ii) not to engage in any activity adverse to the interests of the Company. In the event the Participant breaches such agreement, no further payments to the Participant or his Surviving Spouse shall be made hereunder. Anything contained herein to the contrary notwithstanding, the provisions of this Section 4.3 shall not apply in the event of a Change of Control.

4.4 GOVERNING LAW. The validity, interpretation, construction and performance of this Plan shall be governed by the laws of the State of Ohio, without giving effect to the principles of conflict of laws of such State.

4.5 SEVERABILITY. Each Section, subsection and lesser section of the Plan constitutes a separate and distinct undertaking, covenant and/or provision hereof. Whenever possible, each provision of the Plan shall be interpreted in such manner as to be effective and valid under applicable law. In the event that any provision of the Plan shall finally be determined to be unlawful, such provision shall be deemed severed from the Plan, but every other provision of the Plan shall remain in full force and effect, and in substitution for any such provision held unlawful, there shall be substituted a provision of similar import reflecting the original intention of the parties hereto to the extent permissible under law.

4.6 WITHHOLDING OF TAXES. The Company may withhold from any amounts payable under the Plan all federal, state, city and other taxes as shall be legally required.

4.7 GENDER AND NUMBER. As used in the Plan, the singular shall include the plural and the masculine shall include the feminine, and vice versa, all as required by the context.

* * *

IN WITNESS WHEREOF, this Plan has been duly adopted by the Company as of July 1, 1995.

CLEVELAND-CLIFFS INC

By /s/ M. T. Moore

Chairman and Chief Executive Officer

COMPUTATION OF EARNINGS PER SHARE Exhibit 11

CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES

	(In Millions, Except Per Share Amounts) Nine Months Ended September 30	
	----- 1996 ----	----- 1995 ----
Primary and fully diluted earnings per share:		
Average shares outstanding	11.7	12.0
Net effect of dilutive stock options and performance shares based on treasury stock method using average market price	-- ----	-- ----
Average shares and equivalents	11.7 ====	12.0 ====
Net income applicable to average share and equivalents	\$42.7 =====	\$43.2 =====
Income per share	\$3.66 =====	\$3.61 =====

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM STATEMENTS OF CONSOLIDATED INCOME, CONSOLIDATED FINANCIAL POSITION AND COMPUTATION OF EARNINGS PER SHARE AND IS QUALIFIED IN ITS ENTIRETY BY SUCH FINANCIAL STATEMENTS.

CIK: 0000764065

NAME: CLEVELAND CLIFFS INC

MULTIPLIER: 1,000,000

PERIOD TYPE	9 MOS
FISCAL YEAR END	DEC 31 1996
PERIOD START	JAN 01 1996
PERIOD END	SEP 30 1996
CASH	145
SECURITIES	11
RECEIVABLES	68
ALLOWANCES	1
INVENTORY	58
CURRENT ASSETS	306
PP&E	266
DEPRECIATION	145
TOTAL ASSETS	659
CURRENT LIABILITIES	109
BONDS	0
COMMON	17
PREFERRED MANDATORY	0
PREFERRED	0
OTHER SE	338
TOTAL LIABILITY AND EQUITY	659
SALES	357
TOTAL REVENUES	367
CGS	280
TOTAL COSTS	291
OTHER EXPENSES	6
LOSS PROVISION	0
INTEREST EXPENSE	4
INCOME PRETAX	66
INCOME TAX	23
INCOME CONTINUING	43
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	43
EPS PRIMARY	3.66
EPS DILUTED	0

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