CLIFFS NATURAL RESOURCES INC.

FORM 10-K
(Annual Report)

Filed 03/28/94 for the Period Ending 12/31/93

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

FORM 10-K
(Annual Report)

Filed 3/28/1994 For Period Ending 12/31/1993

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	CLEVELAND, Ohio 44114
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For fiscal year ended December 31, 1993
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	34-1464672
(State or other jurisdiction of incorporation)	(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

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class	Name of Each Exchange On Which Registered
Common Shares - par value $1.00 per share	New York Stock Exchange and Chicago Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

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 ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of the Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

As of March 14, 1994, the aggregate market value of the voting stock held by non-affiliates of the registrant, based on the closing price of $42.375 per share as reported on the New York Stock Exchange - Composite Index was $494,340,055 (excluded from this figure is the voting stock beneficially owned by the registrant's officers and directors).

The number of shares outstanding of the registrant's $1.00 par value common stock was 12,079,085 as of March 14, 1994.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of registrant's 1993 Annual Report to Shareholders are filed as Exhibits 13(a) through 13(j) and are incorporated by reference into Parts I, II and IV.
2. Portions of registrant's Proxy Statement for the Annual Meeting of Shareholders scheduled to be held May 10, 1994 are incorporated by

reference into Part III.

PART I

ITEMS 1 AND 2. BUSINESS AND PROPERTIES.

INTRODUCTION

Cleveland-Cliffs Inc (including its consolidated subsidiaries, the "Company") is the successor to business enterprises whose beginnings can be traced to earlier than 1850. The Company's headquarters are at 1100 Superior Avenue, Cleveland, Ohio 44114-2589, and its telephone number is (216) 694-5700.

BUSINESS

The Company owns three major operating subsidiaries, The Cleveland-Cliffs Iron Company ("Iron"), Cliffs Mining Company ("CMC") (formerly known as Pickands Mather & Co.), and Pickands Mather & Co. International ("PMI"), which hold interests in various independent iron ore mining ventures and act as managing agent. Iron, CMC and PMI's dominant business during 1993 was the production and sale of iron ore pellets. Iron, CMC and PMI control, develop, and lease reserves to mine owners; manage and own interests in mines; sell iron ore; and own interests in ancillary companies providing services to the mines. Iron ore production activities are conducted in the United States, Canada and Australia. Iron ore is marketed by the subsidiaries in the United States, Canada, Europe, Asia and Australia.

For information on the iron ore business, including royalties and management fees for the years 1991-1993, see Note B in the Notes to the Company's Consolidated Financial Statements in the Company's Annual Report to Security Holders for the year ended December 31, 1993, which Note B is contained in Exhibit 13(g) and incorporated herein by reference and made a part hereof.

For information concerning operations of the Company, see material under the heading "11-Year Summary of Financial and Other Statistical Data" in the Company's Annual Report to Security Holders for the year ended December 31, 1993, which 11-Year Summary of Financial and Other Statistical Data is contained in Exhibit 13(j) and incorporated herein by reference and made a part hereof.

NORTH AMERICA. Iron and CMC (collectively "Cliffs") own or hold long-term leasehold interests in active North American properties containing approximately 1.7 billion tons of crude iron ore reserves and manage five active mines in North America with a total rated annual capacity of 34.8 million tons. Cliffs owns equity interests in four of these mines (see Table on page 6).

Cliffs' United States properties are located on the Marquette Range of the Upper Peninsula of Michigan and the Mesabi Range in Minnesota, each of which has two active open-pit mines and pellet plants. CMC acts only in the capacity of manager at one of the Mesabi Range facilities. Two railroads, one of which is 99.2% owned by a subsidiary of the Company, link the Marquette Range with Lake Michigan at the loading port of Escanaba and with Lake Superior at the loading port of Marquette. From the Mesabi Range, pellets are transported by rail to shiploading ports at Superior, Wisconsin and Taconite Harbor, Minnesota. In addition, in Canada, there is an open-pit mine and concentrator at Wabush, Labrador, Newfoundland and a pellet plant and dock facility at Pointe Noire, Quebec. From Wabush Mines, concentrates are shipped by rail from the Scully Mine in Labrador to Pointe Noire, Quebec, where they are pelletized for shipment via vessel to Canada, United States and Europe or shipped as concentrates for sinter feed to Europe.

Cliffs leases or subleases its reserves to certain mining ventures which pay royalties to Cliffs on such reserves based on the tonnage and the iron content of iron ore produced. The royalty rates on leased or subleased reserves per ton are subject to periodic adjustments based on changes in the Bureau of Labor Statistics producer price index for all commodities or on certain iron ore and steel price indices. The mining ventures, except LTV Steel Mining Company which is wholly-owned by LTV Steel Company, include Iron or CMC and steel producers (who are "participants" either directly or through subsidiaries).

Cliffs, pursuant to management agreements with the participants having operating interests in the mining ventures, manages the development, construction and operation of iron ore mines and concentrating and pelletizing plants to produce iron ore pellets for steel producers. Cliffs is reimbursed by the participants of the mining ventures for substantially all expenses directly and indirectly incurred by Cliffs in operating the mines and ventures. In addition, Cliffs is paid a management fee based on the tonnage of iron ore produced. A substantial portion of such fees is subject to escalation adjustments in a manner similar to the royalty adjustments.

With respect to the active mines in which Cliffs has an equity interest, such interests range from 7.01% to 100% (see Table on page 6). Pursuant to certain operating agreements at each mine, each participant is generally obligated to take its share of production for its own use. Cliffs' share of production is resold pursuant to multi-year contracts with price escalation adjustment provisions or one year sales contracts with steel manufacturers. Pursuant to operating agreements at each mine, each participant is entitled to nominate the amount of iron ore which will be produced for its account for that year. During the year, such nomination generally may be increased (subject to capacity availability) or decreased (subject to certain minimum production levels) by a specified amount. During 1993, three of the North American mines operated below capacity levels due to a six-week labor strike at those mines.

In 1993, the Tilden Magnetite Partnership ("TMP") project, in which affiliates of Cliffs, Algoma Steel, Inc. ("Algoma"), and Stelco Inc. ("Stelco") owned equity interests of 33.3%, 50.0%, and 16.7% respectively, had four million tons per year of magnetite pellet production capacity. Pursuant to facilities leasing and other operational arrangements between TMP and the original Tilden Mining Company joint venture, substantial hematite iron ore pellet production capacity continued to be available at the Tilden Mine. The participants in the Tilden Mining Company joint venture are affiliates of Cliffs, Algoma and Stelco. The joint venture's activities relate to the development and operation of hematite iron ore reserves at the Tilden Mine.

In February, 1994, the Company reached agreement in principle with Algoma and Stelco to restructure and simplify the Tilden Mine operating agreement effective January 1, 1994. The principal terms of the new agreement are: (1) the participants' tonnage entitlements and cost-sharing will be based on a 6 million ton target normal production level instead of the previous 4 million ton base production level; (2) the Company's interest increases from 33.3% to 40.0% with an associated increase in the Company's obligation for mine costs; (3) the Company will receive an increased royalty; (4) the Company has the right to supply any additional iron ore pellet requirements of Algoma from Tilden or the Company; and (5) a partner may take additional production with certain fees paid to TMP. The agreement is not expected to have a material financial effect on the Company's consolidated financial statements. In a related transaction, Algoma repaid $4.2 million to the Company on December 30, 1993, in connection with cancellation of the hematite pellet production rights arrangements. The new Tilden arrangements reflect an underlying plan of operating improvements and will allow a lengthening of the magnetite ore reserve life. Additional capital and development expenditures are expected in connection with the improvement plan.

As of December 31, 1992, McLouth Steel Products Company ("McLouth") was indebted to the Company in the amount $9.3 million for payments for iron ore pellets sold to McLouth under a term sales agreement. In December 1992, McLouth announced that it was implementing a business recovery plan that included temporary concessions by all major stakeholders commencing in December, 1992 in order to alleviate its continuing financial liquidity problems. The Company agreed to participate in McLouth's plan through April 15, 1993, on an equality of sacrifice principle with other major suppliers and all McLouth employees, and in 1993, McLouth was paying for current iron ore shipments under this plan. The past due amount of $9.3 million was reduced by $3.0 million in 1993 and the remaining amount was reserved in 1993. Any failure of McLouth to pay the past due amounts would not have a material impact on the Company; however, non-performance by McLouth on its sales arrangement with the Company would have a materially adverse effect on the Company unless comparable replacement sales to other companies are obtained.

On November 30, 1992, Sharon Steel Corporation ("Sharon") filed for protection under Chapter 11 of the U.S. Bankruptcy laws. At the time of the filing, Sharon was indebted to the Company for substantial amounts relating to contract defaults for payments for iron ore pellets sold to Sharon during the years 1991 and 1992 under a term sales agreement. In 1992 the Company recorded a $12.5 million reserve, representing amounts due on the ore sales accounts receivable of Sharon at the time of Sharon's Chapter 11 filing. Pellet sales to Sharon, which were suspended in 1992, represented approximately 14% of the Company's sales capacity. Sharon is attempting to formulate a Plan of Reorganization. The Company has filed a substantial claim against Sharon in the Bankruptcy Court for amounts owed and contractual damages and it cannot be determined at this time whether Sharon will have a court approved Plan of Reorganization. The Company was able to replace the lost Sharon sales for the year 1993.

In 1992, the Company purchased $1.0 million worth of steel from LCG Funding Corporation, an entity owned by the principal owner of Sharon and affiliated with Castle Harlan, Inc. In connection with the transaction, LCG Funding Corporation agreed to indemnify the Company for any loss incurred upon resale of the steel. Following ultimate resale of the steel, LCG Funding Corporation and Castle Harlan, Inc. refused to honor that commitment, and the Company has accordingly filed suit against Castle Harlan, Inc. and LCG Funding Corporation for the purchase price of the steel plus interest. The proceedings in that case are in the initial discovery stage.

Partner Bankruptcy Proceedings

The Company reached agreement with LTV Steel Company, Inc. ("LTV") in 1989 regarding the settlement of substantially all bankruptcy claims asserted by the Company against LTV in LTV's bankruptcy proceedings under the jurisdiction of the bankruptcy court. The terms of the settlement reached with LTV provided for commercial ore sales and supply arrangements between the Company and LTV, granted an allowed claim in the amount of $205 million (reduced by a subsequent assignment of $4 million of the allowed claim) to the Company, obligated the Company to indemnify LTV against further liability relating to the claims covered by such settlement agreement or to rejected operations, and provided for the dismissal or release of certain claims such entities asserted or could have asserted against the Company. On January 19, 1993, LTV filed its modified Plan of Reorganization ("Plan") and Disclosure Statement, which indicated a plan to emerge from bankruptcy on or about June 30, 1993. The Disclosure Statement, which outlined the proposed recoveries for LTV creditors, was approved by the bankruptcy court on February 17, 1993. The Plan was submitted to a vote of the LTV creditors and shareholders in March, 1993 and approved.

On June 28, 1993, LTV and its parent corporation, The LTV Corporation ("LTV Corp") emerged from bankruptcy. In final settlement of its allowed claim, the Company received 2.3 million shares of LTV Corp Common Stock and 4.4 million Contingent Value Rights ("CVRs"), which were issued by the Pension Benefit Guaranty Corporation. On July 13, 1993, the Company distributed to its shareholders a special dividend consisting of 1.5 million shares of LTV Corp Common Stock and $12.0 million ($1.00 per share) cash.

The Company does not expect any significant changes in the composition or structure of the Empire Mine to arise from any future developments by reason of LTV's former bankruptcy proceedings. The LTV subsidiary holding the Empire Mine interest was not in bankruptcy. LTV is performing and is current with respect to its Empire Mine related obligations, including all debt service, operating expense and ore purchase payments.

In addition to the Company's allowed claims against LTV, the owners of Wabush Mines ("Wabush") (the Canadian iron ore mine managed by Cliffs and in which it holds a 7.01% ownership interest) have negotiated a settlement agreement with respect to the asserted claims against LTV relating to LTV's 15.6% interest in Wabush which agreement has been approved by the bankruptcy court and provided for an allowed claim of $60 million. Following LTV's emergence from bankruptcy in 1993, the Wabush Mines participants assigned their allowed claim to the Wabush Mines' bondholders, who received proceeds of 700,000 shares of LTV Corp Common Stock and 1.3 million CVRs.

In January, 1991, Cannelton Iron Ore Company ("Cannelton"), a wholly-owned subsidiary of Algoma, defaulted on its obligation to fund its share of the Tilden Mine production costs, and cured its default in February, 1991. During the period of default, Cliffs accelerated its share of funding and production in order to maintain the scheduled production rate. In February, 1991, Algoma sought and obtained protection from creditors under the Canadian Companies' Creditor's Arrangement Act. In January, 1992, Algoma filed its Plan of Arrangement Under the Companies' Creditor's Arrangement Act (Canada) and the Business Corporation Act (Ontario) in the Ontario Court of Justice, covering its restructuring plan. The Plan was approved by the Court on April 16, 1992 and on June 5, 1992, Algoma emerged from Canadian reorganization proceedings. As part of Algoma's reorganization plan, Cliffs entered into an agreement pursuant to which Cliffs purchased Algoma's Tilden hematite pellet production rights in return for certain commercial and financial benefits. Algoma also renewed its guarantee of Cannelton's Tilden obligations. This agreement was cancelled on December 30, 1993. In February, 1994, the Company reached agreement in principle with Algoma and Stelco to restructure and simplify the Tilden Mine operating agreement effective January 1, 1994. (See discussion in paragraph five on page 3).

Following is a table of production, current defined capacity, and estimated exhaustion dates for the iron ore mines managed by Cliffs. The exhaustion dates are based on estimated mineral reserves and assume full production rates, which could be affected by future industry conditions and ongoing mine planning. Maintenance of effective production capacity or estimated exhaustion dates could require increases in capital and development expenditures. Alternatively, changes in economic conditions or the quality of ore reserves could decrease capacity or accelerate exhaustion dates. Continuing technological progress could alleviate such factors or improve capacity or mine life.

Mining Venture Name and Location	Type of Ore	Cliffs' Current Operating Interest	Current Pellet Production 1991	1992	1993	Current Annual Capacity	Operating Continuously Since	Estimated Exhaustion Date (1)
			(Tons in Thousands)(2)					
Michigan								
Marquette Range								
Empire Iron Mining Partnership (3)	Magnetite	22.56%(4)	7,641	8,099	7,209	8,000	1963	2023
Tilden Mine (3)	Hematite and Magnetite	(5)(6)	4,697	5,470	5,369	6,000(5)(6)	1974	2047
Minnesota								
Mesabi Range								
LTV Steel Mining Company (7)	Magnetite	0.00%	7,093	6,776	7,668	8,000	1957	2059
Hibbing Taconite Joint Venture (7)	Magnetite	15.00%	8,195	8,048	7,544	8,270	1976	2023
Canada								
Wabush Mines (Newfoundland and Quebec) (7)(8)	Specular Hematite	7.01%	4,612	4,495	4,492	4,500	1965	2057
Australia								
Savage River Mines (Tasmania)	Magnetite	100.00%	1,383	1,432	1,488	1,500	1967	1997
TOTAL			33,621	34,320	33,770	36,270		

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(1) Based on full production at current annual capacity without regard to economic feasibility.
(2) Tons are long tons of 2,240 pounds.
(3) Cliffs receives royalties and management fees.
(4) On January 1, 1992, a wholly-owned subsidiary of Iron transferred 2.5% of its Empire Mine interest to Wheeling-Pittsburgh.
(5) In 1993, Iron's ownership interest in the Tilden Mining Company and Tilden Magnetite Partnership was 60.0% and 33.3%, respectively. Design capacity for exclusive production of hematite ore was 8 million tons annually. The Tilden Mining Company and the Tilden Magnetite Partnership established certain leasing and shared usage arrangements relating to production and other facilities at the Tilden Mine.
(6) As a result of the restructuring of the Tilden Magnetite Partnership, effective as of January 1, 1994 and as discussed on page 3, Iron's ownership in the Tilden Magnetite Partnership increases from 33.3% to 40.0%. As a result of these arrangements annual production capacity is targeted at 6 million tons annually, and could be increased to 8 million tons of capacity, depending on type of ore production.
(7) Cliffs received no royalty payments with respect to such mine, but did receive management fees.
(8) In 1991, the mine's annual production capacity was reduced to 4.5 million tons per year.

With respect to the Empire Mine, Cliffs owns directly approximately one-half of the remaining mineral reserves and Cliffs leases the balance of the reserves from their owners; with respect to the Tilden Mine, Cliffs owns all of the mineral reserves; with respect to the Hibbing Mine, Wabush, and Savage River Mines, all of the mineral reserves are owned by others and leased or subleased directly to those mining ventures.

Each of the mining ventures contains crushing, concentrating, and pelletizing facilities. The Empire Iron Mining Partnership facilities were constructed beginning in 1962 and expanded in 1966, 1974 and 1980 at a total cost of approximately $367 million; the Tilden Mine facilities were constructed beginning in 1972 and expanded in 1979 at a total cost of approximately $492 million; the LTV Steel Mining Company facilities were constructed beginning in 1954 and expanded in 1967 at a total cost of approximately $250 million; the Hibbing Taconite Joint Venture facilities were constructed beginning in 1973 and expanded in 1979 at a total cost of approximately $302 million; the Wabush Mines facilities were constructed beginning in 1962 at a total cost of approximately $103 million; and the Savage River Mines facilities were constructed beginning in 1965 at a total cost of approximately $57 million. Cliffs believes the facilities at each site are in satisfactory condition.

Production and Sales Information

In 1993, Cliffs produced 26.9 million gross tons of iron ore in the United States and Canada for participants other than Cliffs. The share of participants having the 5 largest amounts, Bethlehem Steel Corporation ("Bethlehem"), Algoma, Inland Steel Company, LTV and Stelco aggregated 25 million gross tons, or 92.9%. None of such participants accounted for more than 35.1% of such production.

During 1993, Cliffs sold 100% of the iron ore and pellets that were produced in the United States and Canada for its own account or purchased from others to 14 U.S., Canadian and European iron and steel manufacturing companies.

In 1993, McLouth Steel Products, WCI (formerly Warren Consolidated Industries, Inc.), and Weirton Steel Company, directly and indirectly accounted for 14.0%, 11.7%, and 10.7%, respectively, of total revenues.

AUSTRALIA. PMI owns 100% of Savage River Mines, an open pit iron ore mining operation and concentrator at Savage River, Tasmania, and a pellet plant with offshore loading facilities at Port Latta, Tasmania. Concentrate slurry is pumped from the minesite through a 53 mile pipeline to Port Latta where it is pelletized and shipped by vessel to customers in the Pacific Rim region. The operation was downsized in 1990 to produce approximately 1.5 million tons per year and long term sales agreements were signed with customers in Australia, Japan and Korea to support the operation until the exhaustion of economic ore reserves in 1997. A potential mine life extension is under study but any extension is highly uncertain.

RAIL TRANSPORTATION. The Company, through a wholly-owned subsidiary, owns a 99.2% stock interest in Lake Superior & Ishpeming Railroad Company. The railroad operates approximately 49 miles of track in the Upper Peninsula of Michigan, principally to haul iron ore from the Empire and Tilden Mines to Lake Superior at Marquette, Michigan, where the railroad has an ore loading dock, or to interchange points with another railroad for delivery to Lake Michigan at Escanaba, Michigan. In 1993, 90.7% of the railroad's revenues were derived from hauling iron ore and pellets and other services in connection with mining operations managed by Iron. The railroad's rates are subject to regulation by the Interstate Commerce Commission.

Other Activities and Resources

OIL SHALE. Cliffs Synfuel Corp., a wholly-owned subsidiary of Iron, principally through a 75-year lease and ownership of the surface, controls extensive oil shale reserves in Utah with an estimated 850 million barrels of recoverable shale oil on approximately 17,500 acres, together with conditional water rights. Mining and processing the oil shale is currently uneconomical due to world oil market conditions. However, holding costs are minimal. The Company's oil and gas rights on this property are leased to a major energy company which is conducting exploration in the area.

Cliffs Oil Shale Corp., another wholly-owned subsidiary of Iron, owns a 15% interest in a smaller Colorado oil shale property. The remaining 85% is owned by a Mobil Corporation subsidiary.

COAL. In 1992 CMC owned and operated its 100% owned Turner Elkhorn Mining Co. from reserves located in Floyd County, Kentucky and managed Pikeville Coal Co. which operates the Chisholm Mine at Phelps, Kentucky, owned 100% by Stelco. CMC sold the coal produced from Turner Elkhorn to utility and other customers. CMC's employment as manager of the Pikeville Coal Co. was governed by an agreement between it and the owner of the mine, which agreement provided that CMC be reimbursed for substantially all of its expenses incurred as manager and receive a management fee based on the number of clean tons produced. Stelco terminated the management contract on December 31, 1992. CMC continued to provide administrative services to Pikeville Coal Company under the terms of an interim administrative services agreement with Stelco which agreement terminated March 31, 1993. CMC sold its broker operations, lake forwarding services, and royalty reserves in 1992. On February 26, 1993 CMC sold Turner Elkhorn Mining Co., CMC's last remaining coal property.

DIRECT REDUCED IRON. The Company's corporate strategy includes extending its business scope to produce and supply "reduced iron feed" for steel and iron production. Reduced iron products contain approximately 90% iron versus 65% for traditional iron ore pellets and have less undesirable chemical elements than most scrap steel feed. The market for reduced iron is relatively small but is projected to increase at a greater rate than other iron ore products. In 1993, the Company formed a management group to evaluate technical and commercial issues associated with potential operating ventures to supply direct reduced iron units to steel company customers.

An investigation is under way to reactivate the Company-owned Republic Mine in Michigan to produce 450,000 tons per year of direct reduced iron briquettes using a coal-based process. Pilot plant testwork completed in 1993 confirmed that relatively minor modifications to the existing Republic flowsheet would produce a high-quality concentrate that would be an appropriate feed for the process. The $65 million to $75 million project contemplates the addition of a rotary hearth furnace and related equipment to produce a 93% metallized, direct reduced iron briquette. The Company plans to form a joint venture with one or more steel company partners who would consume their share of the plant's production. A decision to proceed with construction could be made by mid-1994 leading to production by late 1995 or early 1996.

Through a partnership with North Star Steel, a leading U.S. electric furnace steel producer, the Company has been actively engaged in refining technology to produce iron carbide, a premium form of reduced iron that does not have to be pelletized or briquetted before being charged into a steelmaking furnace. Evaluation of modifications to the iron carbide process is continuing.

The Company, with Mitsubishi Corporation, has an option for a license to produce iron carbide in four areas in the Pacific Rim, Australia, Malaysia, Indonesia, and mainland China. A joint feasibility study is under way to identify the preferred location for a commercial plant and to assess the Pacific Rim market for iron carbide; however, no decision has been made to begin commercial development.

Technical assistance on iron ore mining and processing is being provided by the Company under contract to the Venezuelan state-owned iron ore company, CVG Ferrominera Orinoco.

Credit Agreement and Senior Notes

On April 30, 1992 the Company entered into a Credit Agreement ("Credit Agreement") with Chemical Bank, as Agent for a six-bank lending group, pursuant to which the Company may borrow up to $75 million as revolving loans until April 30, 1995. Any borrowings outstanding at that time may be converted to a term loan payable in six consecutive semi-annual installments commencing October 30, 1995 and ending April 30, 1998. Interest on borrowings will be based on the Adjusted CD Rate, the Adjusted Libor Rate, or the Alternate Base Rate, as defined in the Credit Agreement and as selected by the Company pursuant to the terms of the Credit Agreement. The Company pays a commitment fee of .25% per annum on the average daily unused amount of the commitments of the banks. At December 31, 1993 there were no borrowings outstanding under the Credit Agreement.

On May 1, 1992, the Company placed privately with a group of institutional lenders $25 million 8.51% Senior Notes, Series A due May 1, 1999 ("Series A Notes") and $50 million 8.84% Senior Notes, Series B due May 1, 2002 ("Series B Notes"). The Series A Notes are subject to mandatory annual redemption of $5 million commencing May 1, 1995 and ending May 1, 1999. The Series B Notes are subject to mandatory annual redemption of $7.14 million commencing May 1, 1996 and ending May 1, 2002.

Discontinued or Divested Operations and Investments

FOREST PRODUCTS. In January, 1991, Cliffs Forest Products Company ("Forest Products"), a wholly-owned subsidiary of Iron, sold substantially all of its timberlands and related assets and Iron sold part of its timberland located in the Upper Peninsula of Michigan for approximately $24 million.

COMPETITION

The iron ore mines, which the company operates in North America, Canada and Australia, produce various grades of iron ore which was marketed in the United States, Canada, Great Britain, Italy, Australia, Japan and Korea. In North America, the Company is in competition with several iron ore producers, including Oglebay Norton Company, Iron Ore Company of Canada, Quebec Cartier Mining Company, Cyprus Northshore Mining Company, and USX Corporation, as well as other major steel companies which own interests in iron ore mines and/or have excess iron ore purchase commitments. In addition, significant amounts of iron ore have, since the early 1980s, been shipped to the United States from Venezuela and Brazil in competition with iron ore produced by the Company.

Other competitive forces have in the last decade become a large factor in the iron ore business. With respect to a significant portion of steelmaking in North America, electric furnaces built by "minimills" have replaced the use of iron ore pellets with scrap metal in the steelmaking process. In addition, operators of sinter plants produce iron agglomerates which substitute for iron ore pellets. Imported steel slabs also replace the use of iron ore pellets in producing finished steel products. Imported steel produced from iron ore supplied by international competitors also effectively competes with the Company's iron ore pellets.

Competition among the sellers of iron units is predicated upon the usual competitive factors of price, availability of supply, product performance, service and cost to the consumer.

EMPLOYEES AND ENERGY

ENVIRONMENT. In the construction of the Company's facilities and in its operating arrangements, substantial costs have been incurred and will be incurred to avoid undue effect on the environment. The Company's commitment to environmental preservation resulted in North American capital expenditures of $481,000 in 1992 and $835,000 in 1993. It is estimated that approximately $810,000 will be spent in 1994 for environmental control facilities.

The Company received notice from the U.S. Environmental Protection Agency ("U.S. EPA") that the Company is a potentially responsible party with respect to the Cliffs-Dow Superfund Site, located in the Upper Peninsula of the State of Michigan, which is not related to the Company's iron ore mining business. The Cliffs-Dow site was used prior to 1973 for the disposal of wastes from charcoal production by a joint venture of the Company, the Dow Chemical Company and afterward by a successor in interest, Georgia-Pacific Corporation. The Company and other potentially responsible parties voluntarily participated in the preparation of a Remedial Investigation and Feasibility Study ("RI/FS") with respect to the Cliffs-Dow site, which concluded with the publication by the U.S. EPA of a Record of Decision dated September 27, 1989 ("ROD"), setting forth the selected remedial action plan adopted by the U.S. EPA for the Cliffs-Dow site. The Company and other potentially responsible parties have notified the U.S. EPA that they are implementing, at an estimated cost of $2.8 million, some of the remedial action selected in the ROD. The Company and certain other potentially responsible parties have agreed upon allocation of the costs for conducting the RI/FS, and implementation of the selected remedial action plan. Upon the advice of counsel, the Company believes it has a right to contribution from the other potentially responsible parties for the costs of any remedial action plan ultimately implemented at the Cliffs-Dow site. A second disposal area at the Cliffs-Dow charcoal production plant is on the list of priority sites issued by the Michigan Department of Natural Resources. The Company is participating in an RI/FS of this site, but that study has not yet been completed. The Company has joined with the other potentially responsible parties in an interim removal action at the site. The Company has a financial reserve of $4.2 million to provide for its expected share of the cost of the remedial actions at the above mentioned sites. (See "Legal Proceedings" for additional information concerning environmental matters).

Generally, various legislative bodies and federal and state agencies are continually promulgating numerous new laws and regulations affecting the Company, its customers, and its suppliers in many areas, including waste discharge and disposal; hazardous classification of materials, products, and ingredients; coke oven emissions; and many other matters. Although the Company believes that its environmental policies and practices are sound and does not expect a material adverse effect of any current laws or regulations, it cannot predict the collective adverse impact of the rapidly expanding body of laws and regulations.

EMPLOYEES. As of December 31, 1993, the Company and its North American independent mining ventures, for which Cliffs acts as managing agent, had 5,743 employees. Of the foregoing, 4,410 were hourly employees employed at the independent mining ventures, all of which employees were represented by unions which have collective bargaining agreements. The United Steelworkers of America ("United Steelworkers") represents the union employees. The United Steelworkers labor agreement at Hibbing Taconite Company, Tilden and Empire Mines, and General Shops facilities expired on August 1, 1993, and the United Steelworkers struck those mines and facilities for six weeks. A new six-year "no strike" labor agreement was entered between those Mines and facilities and the United Steelworkers covering the period to July 31, 1999. The United Steelworkers labor agreement covering employees of LTV Steel Mining Company will expire on June 1, 1994. The United Steelworkers labor agreement covering Wabush expired on March 1, 1993; however, work continues under the contract.

As of December 31, 1993, the Savage River Mines operations had 230 employees, 167 of whom are represented by several unions, whose contracts are renegotiated from time to time.

ENERGY. Wisconsin Electric Power Company (WEPCO) electric power supply contracts with the Empire and Tilden Mines, entered into in December 1987, provide that WEPCO shall furnish electric power to these Mines, within specific demand limits, pursuant to price formulas. The primary term of these contracts covers ten years through 1997. In return for a substantial reduction in rates, the Tilden Mine converted a portion of its firm power contract to curtailable power beginning in 1993. Electric power for Hibbing Taconite is supplied by Minnesota Power and Light under an agreement which can be terminated with four years' notice. Hibbing Taconite received a substantial reduction in rates for converting a portion of its contractual requirements to curtailable power starting in November, 1993. Electric power requirements will continue to be specified annually by the Hibbing Taconite venturers corresponding to Hibbing's operating requirements. LTV Steel Mining Company completed reactivation of its power plant in 1992, and is currently generating the majority of its requirements, and an interchange agreement with Minnesota Power and Light provides backup power and allows sale of excess capacity to the Midwestern Area Power Pool. Wabush Mines owns a portion of the Twin Falls Hydro Generation facility which provides power for Wabush's mining operations in Newfoundland. A twenty year agreement with Newfoundland Power allows an interchange of water rights in return for the power needs for Wabush's mining operations. The Wabush pelletizing operations in Quebec are served by Quebec Hydro on an annual contract. Savage River Mines obtains its power from the local Government Power Authority on a special contract for the expected life of the mine.

Cliffs has contracts providing for the transport of natural gas for its North American iron ore operations. No material interruptions of supply of natural gas occurred in 1993.

Cliffs' pelletizing facilities have the capability of burning coal, natural gas, or oil, except Savage River Mines and Wabush which have the capability of burning coal and oil and Hibbing Taconite and LTV Steel Mining Company which have the capability of burning natural gas and oil. During 1993 the U.S. mines burned natural gas as their primary fuel due to favorable pricing. Wabush and Savage River Mines used oil, supplemented with coal or coke breeze.

Any substantial interruption of operations or substantial price increase resulting from future government regulations or energy taxes, injunctive order, or fuel shortages could be materially adverse to the Company.

In the paper format version of this document, this page contains a map. See Appendix A to this report.

ITEM 3. LEGAL PROCEEDINGS.

Arrowhead.

CMC, which has a 15 percent ownership interest in and acts as Managing Agent for Hibbing Taconite Company, a joint venture, has been included as a named defendant in a suit captioned United States of America v. Arrowhead Refining Company, et al., which was filed on or about September 29, 1989 in the United States District Court for the District of Minnesota, Fifth Division. In that suit, the United States seeks declaratory relief and recovery of costs incurred in connection with the study and remedial plan conducted or to be conducted by the United States Environmental Protection Agency ("U.S. EPA") at the Arrowhead Refinery Superfund Site near Duluth, St. Louis County, Minnesota. In that suit, the United States has alleged that CMC and the other 14 named defendants, including former and present owners of the Arrowhead site, are jointly and severally liable for $1.9 million, plus interest, representing the amount incurred for actions already taken by or on behalf of the U.S. EPA at the Arrowhead site, and are jointly and severally liable for the cost attributable to implementation of a remedial plan adopted by the U.S. EPA with respect to the Arrowhead site, which remedial action is estimated by the U.S. EPA to cost $30 million. CMC has filed an answer to the suit denying liability. It is not possible presently to estimate the amount of CMC's potential liability, if any. Since January 31, 1991, CMC and 13 of the other named defendants have filed a counter claim against the United States and further complaints naming additional parties as third party defendants. The counter claim and third party complaints allege that the parties named therein are jointly and severally liable for such costs. During the year certain defendants have been dismissed, and as of December 31, 1993 there are 140 third party defendants named in this suit. It is not expected that this matter will result in a material adverse effect on the Company's consolidated financial statements.

Rio Tinto.

On July 21, 1993, Iron and Cliffs Copper Corp, a subsidiary of the Company, each received Findings of Alleged Violation and Order from the Department of Conservation and Natural Resources, Division of Environmental Protection, State of Nevada. The Findings allege that tailings materials left at the Rio Tinto Mine, located near Mountain City, Nevada, are entering State waters which the State considers to be in violation of State water quality laws. The Rio Tinto Mine was operated by Cliffs Copper Corp from 1971 to 1975 and by other companies prior to 1971. The Order requires remedial action to eliminate water quality impacts. The Company does not believe the potential liability, if any, to be material. The Company believes that it has substantial defenses to claims of liability and intends to vigorously defend alleged violations.

Summitville.

On January 12, 1993, Iron received from the United States Environmental Protection Agency a Notice of Potential Liability at the Summitville mine site, located at Summitville, Colorado, where Iron, as one of three joint venturers, conducted an unsuccessful copper ore exploration activity from 1966 through 1969. On June 25, 1993, Iron received from the United States Environmental Protection Agency a Notice of Potential Involvement in certain portions of the Summitville mine site. The mine site has been proposed for listing on the National Priorities List under the Comprehensive Environmental Response Compensation and Liability Act. The Company does not believe the potential liability, if any, to be material. The Company has substantial defenses to these claims of liability.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

Name	Position with the Company as of March 1, 1994	Age
M. T. Moore	Chairman, President and Chief Executive Officer	59
J. S. Brinzo	Senior Executive-Finance	52
W. R. Calfee	Senior Executive-Commercial	47
F. S. Forsythe	Senior Executive-Operations	61
T. J. O'Neil	Senior Vice President-Technical	53
A. S. West	Senior Vice President-Sales	57

There is no family relationship between any of the executive officers of the Company, or between any of such executive officers and any of the Directors of the Company. Officers are elected to serve until successors have been elected. All of the above-named executive officers of the Company were elected effective on the effective dates listed below for each such officer.

The business experience of the persons named above for the last five years is as follows:

M. T. Moore	President and Chief Executive Officer, Company, January 1, 1987 to May 9, 1988. Chairman, President and Chief Executive Officer, Company, May 10, 1988 to date.
J. S. Brinzo	Senior Vice President-Finance, Company, May 1, 1987 to August 31, 1989. Executive Vice President-Finance, Company, September 1, 1989 to September 30, 1993. Senior Executive-Finance, Company, October 1, 1993 to date.
W. R. Calfee	Group Executive Vice President, Company, March 1, 1987 to August 31, 1989. Senior Executive Vice President, Company, September 1, 1989 to September 30, 1993. Senior Executive-Commercial, Company, October 1, 1993 to date.
F. S. Forsythe	Executive Vice President-Commercial, Company, February 25, 1985 to August 31, 1989. Executive Vice President-Operations, Company, September 1, 1989 to September 30, 1993. Senior Executive-Operations, Company, October 1, 1993 to date.

T. J. O'Neil	Vice President-South Pacific Operations, Cyprus Gold Company, October, 1987 to August, 1989. Vice President/General Manager, Cyprus Sierrita Corp., August, 1989 to April, 1991. Vice President-Engineering and Development, Cyprus Copper Company, April, 1991 to November, 1991. Senior Vice President-Technical, Company, November 18, 1991 to date.
A. S. West	Senior Vice President-Sales, Iron, April 15, 1987 to date. Vice President, Company, May 14, 1985 to May 11, 1987. Senior Vice President-Sales, Company, July 1, 1988 to date.

PART II

ITEM 5. MARKET FOR REGISTRANTS' COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The information required by this item is incorporated herein by reference and made a part hereof from that portion of the Company's Annual Report to Security Holders for the year ended December 31, 1993 contained in the material under the headings, "Common Share Price Performance and Dividends", "Investor and Corporate Information" and "11-Year Summary of Financial and Other Statistical Data", such information filed as a part hereof as Exhibits 13(h), 13(i) and 13(j), respectively.

ITEM 6. SELECTED FINANCIAL DATA.

The information required by this item is incorporated herein by reference and made a part hereof from that portion of the Company's Annual Report to Security Holders for the year ended December 31, 1993 contained in the material under the headings, "11-Year Summary of Financial and Other Statistical Data" and "Notes to Consolidated Financial Statements", such information filed as a part hereof as Exhibits 13(j) and 13(g), respectively.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The information required by this item is incorporated herein by reference and made a part hereof from that portion of the Company's Annual Report to Security Holders for the year ended December 31, 1993 contained in the material under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations", such information filed as a part hereof as Exhibit 13(a).

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The information required by this item is incorporated herein by reference and made a part hereof from that portion of the Company's Annual Report to Security Holders for the year ended December 31, 1993 contained in the material under the headings "Statement of Consolidated Financial Position", "Statement of Consolidated Income", "Statement of Consolidated Cash Flows", "Statement of Consolidated Shareholders' Equity", "Notes to Consolidated Financial Statements" and "Quarterly Results of Operations", such information filed as a part hereof as Exhibits 13(c), 13(d), 13(e), 13(f), 13(g) and 13(h), respectively.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The information regarding Directors required by this Item is incorporated herein by reference and made a part hereof from the Company's Proxy Statement to Security Holders, dated March 25, 1994, from the material under the heading "Election of Directors". The information regarding executive officers required by this item is set forth in Part I hereof under the heading "Executive Officers of the Registrant", which information is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this Item is incorporated herein by reference and made a part hereof from the Company's Proxy Statement to Security Holders, dated March 25, 1994 from the material under the headings "Executive Compensation (excluding the Compensation Committee Report on Executive Compensation)", "Pension Benefits", and the first five paragraphs under "Agreements and Transactions".

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information required by this Item is incorporated herein by reference and made a part hereof from the Company's Proxy Statement to Security Holders, dated March 25, 1994, from the material under the heading "Securities Ownership of Management and Certain Other Persons".

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information required by this Item is incorporated herein by reference and made a part hereof from the Company's Proxy Statement to Security Holders, dated March 25, 1994, from the material under the last paragraph of the heading "Directors' Compensation" and from the material under the heading "Board of Directors and Board Committees".

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a)

(1) and (2)-List of Financial Statements and Financial Statement Schedules.

The following consolidated financial statements of the Company and its subsidiaries, included in the Annual Report to Security Holders for the year ended December 31, 1993, are incorporated herein by reference from Item 8 and made a part hereof:

Statement of Consolidated Financial Position - December 31, 1993 and 1992 Statement of Consolidated Income - Years ended December 31, 1993, 1992 and 1991 Statement of Consolidated Cash Flows - Years ended December 31, 1993, 1992 and 1991 Statement of Consolidated Shareholders' Equity - Years ended December 31, 1993, 1992 and 1991

Notes to Consolidated Financial Statements

The following consolidated financial statement schedules of the Company and its subsidiaries are included herein in Item 14(d) and attached as Exhibits 99(a), 99(b) and 99(c).

Schedule I	-	Marketable securities
Schedule VIII	-	Valuation and qualifying accounts
Schedule X	-	Supplementary income statement information

The following financial statements and financial statement schedules for significant investee companies are included herein in Item 14(d) and attached as Exhibit 99(e).

Tilden Mining Company (A 60.0% ownership interest carried at equity)

Statement of Financial Position -
December 31, 1993 and 1992

Statement of Costs and Expenses Charged to Associates - Years ended December 31, 1993, 1992 and 1991 Statement of Associates' Account - Years ended December 31, 1993, 1992 and 1991 Statement of Cash Flows - Years ended December 31, 1993, 1992 and 1991 Notes to Financial Statements

Schedule V	-	Property, plant and equipment
Schedule VI	-	Accumulated depreciation, depletion and amortization of property, plant and equipment
Schedule X	-	Supplementary income statement information

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

(3) List of Exhibits - Refer to Exhibit Index on pages 20-28 which is incorporated herein by reference.

(b) There were no reports on Form 8-K filed during the three months ended December 31, 1993.

(c) Exhibits listed in Item 14(a)(3) above are included herein.

(d) Financial Statements and Schedules listed above in Item 14(a)(1) and (2) are incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 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

By: /s/John E. Lenhard
John E. Lenhard,
Secretary

Date: March 28, 1994

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signatures	Title	Date
M. T. Moore	Chairman, President and Chief Executive Officer and Principal Executive Officer and Director	March 28, 1994
J. S. Brinzo	Senior Executive-Finance and Principal Financial Officer	March 28, 1994
J. A. Trethewey	Vice President and Controller and Principal Accounting Officer	March 28, 1994
R. S. Colman	Director	March 28, 1994
E. M. de Windt	Director	March 28, 1994
J. D. Ireland, III	Director	March 28, 1994
G. F. Joklik	Director	March 28, 1994
L. L. Kanuk	Director	March 28, 1994
G. H. Lamphere	Director	March 28, 1994
S. B. Oresman	Director	March 28, 1994
A. Schwartz	Director	March 28, 1994
S. K. Scovil	Director	March 28, 1994
J. H. Wade	Director	March 28, 1994
A. W. Whitehouse	Director	March 28, 1994

By: /s/John E. Lenhard

(John E. Lenhard, as Attorney-in-Fact)

Original powers of attorney authorizing Messrs. M. Thomas Moore, John S. Brinzo, Frank L. Hartman, and John E. Lenhard and each of them, to sign this Annual Report on Form 10-K and amendments thereto on behalf of the above-named officers and Directors of the Registrant have been filed with the Securities and Exchange Commission.

EXHIBIT INDEX

Exhibit Number		Pagination by Sequential Numbering System
	Articles of Incorporation and By-Laws of Cleveland-Cliffs Inc	
3(a)	Amended Articles of Incorporation of Cleveland-Cliffs Inc (filed as Exhibit 3(a) to Form 10-K of Cleveland-Cliffs Inc filed on March 29, 1991 and incorporated by reference)	Not Applicable
3(b)	Regulations of Cleveland-Cliffs Inc (filed as Exhibit 3(b) to Form 10-K of Cleveland-Cliffs Inc filed on March 29, 1991 and incorporated by reference)	Not Applicable
	Instruments defining rights of security holders, including indentures	
4(a)	Restated Indenture, between Empire Iron Mining Partnership, Inland Steel Company, McLouth Steel Corporation, The Cleveland-Cliffs Iron Company, International Harvester Company, WSC Empire, Inc. and Chemical Bank, as Trustee, dated as of December 1, 1978 (filed as Exhibit 4(a) to Form 10-K of Cleveland-Cliffs Inc filed on March 29, 1991 and incorporated by reference)	Not Applicable
4(b)	First Supplemental Indenture, between Empire Iron Mining Partnership, Inland Steel Company, McLouth Steel Corporation, The Cleveland-Cliffs Iron Company, International Harvester Company, WSC Empire Inc. and Chemical Bank, as Trustee, dated as of February 14, 1981 (filed as Exhibit 4(b) to Form 10-K of Cleveland-Cliffs Inc filed on March 29, 1991 and incorporated by reference)	Not Applicable
4(c)	Second Supplemental Indenture, between Empire Iron Mining Partnership, Inland Steel Company, McLouth Steel Corporation, The Cleveland-Cliffs Iron Company, International Harvester Company, and Chemical Bank, as Trustee, dated as of May 1, 1982 (filed as Exhibit 4(c) to Form 10-K of Cleveland-Cliffs Inc filed on March 29, 1991 and incorporated by reference)	Not Applicable

4(d)	Third Supplemental Indenture, between Empire Iron Mining Partnership, Inland Steel Company, McLouth Steel Corporation, The Cleveland-Cliffs Iron Company, and Chemical Bank, as Trustee, dated as of June 21, 1982 (filed as Exhibit 4(d) to Form 10-K of Cleveland-Cliffs Inc filed on March 29, 1991 and incorporated by reference)	Not Applicable
4(e)	Fourth Supplemental Indenture, between Empire Iron Mining Partnership, Inland Steel Company, The Cleveland-Cliffs Iron Company, Cliffs IH Empire, Inc., Cliffs MC Empire, Inc., Jones & Laughlin Ore Mining Company, J&L Empire, Inc. and Chemical Bank, as Trustee, dated as of February 1, 1983 (filed as Exhibit 4(e) to Form 10-K of Cleveland-Cliffs Inc filed on March 29, 1991 and incorporated by reference)	Not Applicable
4(f)	Fifth Supplemental Indenture, between Empire Iron Mining Partnership, Inland Steel Company, The Cleveland-Cliffs Iron Company, Cliffs IH Empire, Inc., J&L Empire, Inc., Wheeling-Pittsburgh/Cliffs Partnership, and Chemical Bank, as Trustee, dated as of October 1, 1983 (filed as Exhibit 4(f) to Form 10-K of Cleveland-Cliffs Inc filed on March 29, 1991 and incorporated by reference)	Not Applicable
4(g)	Sixth Supplemental Indenture, between Empire Iron Mining Partnership, Inland Steel Company, The Cleveland-Cliffs Iron Company, J&L Empire, Inc., Wheeling- Pittsburgh/Cliffs Partnership, McLouth-Cliffs Partnership, Cliffs Empire, Inc. and Chemical Bank, as Trustee, dated as of July 1, 1984 (filed as Exhibit 4(g) to Form 10-K of Cleveland-Cliffs Inc filed on March 29, 1991 and incorporated by reference)	Not Applicable
4(h)	Form of Guaranty of Payment of 9.55% Secured Guaranteed Notes of Empire Iron Mining Partnership due September 1, 1998 (filed as Exhibit 4(h) to Form 10-K of Cleveland-Cliffs Inc filed on March 29, 1991 and incorporated by reference)	Not Applicable

4(i)	Restated First Mortgage Indenture, among Tilden Iron Ore Partnership, Tilden Iron Ore Company and Chemical Bank and Clinton G. Martens, as Trustees, dated as of October 31, 1977, as supplemented and amended (See Footnote (A))	Not Applicable
4(j)	Restated Financing Agreement, by and among Tilden Iron Ore Partnership, Tilden Iron Ore Company, Cannelton Iron Ore Company, The Cleveland-Cliffs Iron Company, Stelco Coal Company, Wheeling-Pittsburgh Steel Corporation, Sharon Steel Corporation and Chemical Bank and Clinton G. Martens, as Trustees, dated as of October 31, 1977 (filed as Exhibit 4(j) to Form 10-K of Cleveland-Cliffs Inc filed on March 29, 1991 and incorporated by reference)	Not Applicable
4(k)	Form of Guarantee of Payment, dated January 20, 1984 relating to Notes of Empire Iron Mining Partnership (See Footnote (A))	Not Applicable
4(l)	Form of Guarantee of Payment, dated August 12, 1986 relating to Notes of Empire Iron Mining Partnership (See Footnote (A))	Not Applicable
4(m)	Form of Common Stock Certificate (filed as Exhibit 4(m) to Form 10-K of Cleveland-Cliffs Inc filed on March 30, 1992 and incorporated by reference)	Not Applicable
4(n)	Rights Agreement dated September 8, 1987 and amended and restated as of November 19, 1991, by and between Cleveland-Cliffs Inc and Society National Bank (successor to Ameritrust Company National Association) (filed as Exhibit 4.2 to Form 8-K of Cleveland-Cliffs Inc filed on November 20, 1991 and incorporated by reference)	Not Applicable

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(A) This document has not been filed as an exhibit hereto because the long-term debt of the Company represented thereby, either directly or through its interest in an affiliated or associated entity, does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis. The Company agrees to furnish a copy of this document to the Securities and Exchange Commission upon request.

4(o)		Credit Agreement dated as of April 30, 1992 among Cleveland-Cliffs Inc, the Banks named therein and Chemical Bank, as Agent (filed as Exhibit 4(s) to Form 10-Q of Cleveland-Cliffs Inc filed on May 14, 1992 and incorporated by reference)	Not Applicable
4(p)		Conformed Note Agreements dated as of May 1, 1992 among Cleveland-Cliffs Inc and each of the Purchasers named in Schedule I thereto (filed as Exhibit 4(t) to Form 10-Q of Cleveland-Cliffs Inc filed on July 22, 1992 and incorporated by reference)	Not Applicable
		Material Contracts	
10(a)	*	Amendment and Restatement of Supplemental Retirement Benefit Plan of Cleveland-Cliffs Inc, dated as of September 1, 1985 (filed as Exhibit 10(a) to Form 10-K of Cleveland-Cliffs Inc filed on March 30, 1992 and incorporated by reference)	Not Applicable
10(b)	*	The Cleveland-Cliffs Iron Company Plan for Deferred Payment of Directors' Fees dated as of July 1, 1981, assumed by Cleveland-Cliffs Inc effective July 1, 1985 (filed as Exhibit 10(b) to Form 10-K of Cleveland-Cliffs Inc filed on March 29, 1991 and incorporated by reference)	Not Applicable
10(c)	*	Amendment No. 1 to Cleveland-Cliffs Inc Plan for Deferred Payment of Directors' Fees (filed as Exhibit 10(c) to Form 10-K of Cleveland-Cliffs Inc filed on March 30, 1992 and incorporated by reference)	Not Applicable
10(d)	*	Consulting Agreement dated as of June 23, 1987, by and between Cleveland-Cliffs Inc and S. K. Scovil (filed as Exhibit 10(c) to Form 10-K of Cleveland-Cliffs Inc filed on March 29, 1991 and incorporated by reference)	Not Applicable
10(e)	*	Amendment to Consulting Agreement wth S.K. Scovil (filed as Exhibit 10(e) to Form 10-K of Cleveland-Cliffs Inc filed on March 30, 1992 and incorporated by referene)	Not Applicable
10(f)	*	Form of contingent employment agreements with certain executive officers (filed as Exhibit 10(f) to Form 10-K of Cleveland-Cliffs Inc filed on March 30, 1992 and incorporated by reference)	Not Applicable

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*Reflects management contract or other compensatory arrangement required to be filed as an Exhibit pursuant to Item 14(c) of this Report.

10(g)	*	Cleveland-Cliffs Inc and Subsidiaries Management Performance Incentive Plan, dated as of January 1, 1993 (Summary Description) (filed as Exhibit 10 to Form 10-Q of Cleveland-Cliffs Inc on November 10, 1993 and incorporated by reference)	Not Applicable
10(h)		Instrument of Assignment and Assumption dated as of July 1, 1985, by and between The Cleveland-Cliffs Iron Company and Cleveland-Cliffs Inc (filed as Exhibit 10(f) to Form 10-K of Cleveland-Cliffs Inc filed on March 29, 1991 and incorporated by reference)	Not Applicable
10(i)		Instrument of Assignment and Assumption dated as of September 1, 1985, by and between The Cleveland-Cliffs Iron Company and Cleveland-Cliffs Inc (filed as Exhibit 10(g) to Form 10-K of Cleveland-Cliffs Inc filed on March 29, 1991 and incorporated by reference)	Not Applicable
10(j)		Form of indemnification agreements with certain directors and officers (filed as Exhibit 10(h) to Form 10-K of Cleveland-Cliffs Inc filed on March 29, 1991 and incorporated by reference)	Not Applicable
10(k)	*	1987 Incentive Equity Plan (filed as Exhibit 10(k) to Form 10-K of Cleveland-Cliffs Inc filed on March 30, 1992 and incorporated by reference)	Not Applicable
10(l)	*	1992 Incentive Equity Plan (filed as Appendix A to Proxy Statement of Cleveland-Cliffs Inc filed on March 13, 1992 and incorporated by reference)	Not Applicable
10(m)		Purchase and Sale Agreement dated as of December 8, 1987, by and among The Cleveland-Cliffs Iron Company, Cliffs Electric Service Company, Upper Peninsula Generating Company, Upper Peninsula Power Company and Wisconsin Electric Power Company (filed as Exhibit 10(m) to Form 10-K of Cleveland-Cliffs Inc filed on March 29, 1993 and incorporated by reference)	Not Applicable
10(n)	*	Amended and Restated Cleveland-Cliffs Inc Retirement Plan for Non-Employee Directors dated as of January 1, 1988 (filed as Exhibit 10(n) to Form 10-K of Cleveland-Cliffs Inc on March 29, 1993 and incorporated by reference)	Not Applicable

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*Reflects management contract or other compensatory arrangement required to be filed as an Exhibit pursuant to Item 14(c) of this Report.

10(o)	*	Amended and Restated Trust Agreement No. 1 dated as of March 9, 1992, by and between Cleveland-Cliffs Inc and Society National Bank (successor to Ameritrust Company National Association) with respect to the Supplemental Retirement Benefit Plan and certain contingent employment agreements (filed as Exhibit 10(o) to Form 10-K of Cleveland-Cliffs Inc filed on March 30, 1992 and incorporated by reference)	Not Applicable
10(p)	*	Amended and Restated Trust Agreement No. 2 dated as of March 9, 1992, by and between Cleveland-Cliffs Inc and Society National Bank (successor to Ameritrust Company National Association) with respect to the Severance Pay Plan for Key Employees of Cleveland-Cliffs Inc, the Cleveland-Cliffs Inc Retention Plan for Salaried Employees and certain contingent employment agreements (filed as Exhibit 10(p) to Form 10-K of Cleveland-Cliffs Inc filed on March 30, 1992 and incorporated by reference)	Not Applicable
10(q)	*	Trust Agreement No. 4 dated as of October 28, 1987, by and between Cleveland-Cliffs Inc and Society National Bank (successor to Ameritrust Company National Association) with respect to the Plan for Deferred Payment of Directors' Fees (filed as Exhibit 10(q) to Form 10-K of Cleveland-Cliffs Inc on March 29, 1993 and incorporated by reference)	Not Applicable
10(r)	*	First Amendment to Trust Agreement No. 4 dated as of April 9, 1991, by and between Cleveland-Cliffs Inc and Society National Bank (successor to Ameritrust Company National Association) and Second Amendment to Trust Agreement No. 4 dated as of March 9, 1992 by and between Cleveland-Cliffs Inc and Society National Bank (successor to Ameritrust Company National Association) (filed as Exhibit 10(r) to Form 10-K of Cleveland-Cliffs Inc filed on March 29, 1993 and incorporated by reference)	Not Applicable

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*Reflects management contract or other compensatory arrangement required to be filed as an Exhibit pursuant to Item 14(c) of this Report.

10(s)	*	Trust Agreement No. 5 dated as of October 28, 1987, by and between Cleveland-Cliffs Inc and Society National Bank (successor to Ameritrust Company National Association) with respect to the Cleveland-Cliffs Inc Voluntary Non-Qualified Deferred Compensation Plan (filed as Exhibit 10(s) to Form 10-K of Cleveland-Cliffs Inc filed on March 29, 1993 and incorporated by reference)	Not Applicable
10(t)	*	First Amendment to Trust Agreement No. 5 dated as of May 12, 1989, by and between Cleveland-Cliffs Inc and Society National Bank (successor to Ameritrust Company National Association), Second Amendment to Trust Agreement No. 5 dated as of April 9, 1991 by and between Cleveland-Cliffs Inc and Society National Bank (successor to Ameritrust Company National Association) and Third Amendment to Trust Agreement No. 5 dated as of March 9, 1992, by and between Cleveland-Cliffs Inc and Society National Bank (successor to Ameritrust Company National Association) (filed as Exhibit 10(t) to Form 10-K of Cleveland-Cliffs Inc filed on March 30, 1992 and incorporated by reference)	Not Applicable
10(u)		Amended and Restated Trust Agreement No. 6 dated as of March 9, 1992, by and between Cleveland-Cliffs Inc and Society National Bank (successor to Ameritrust Company National Association) with respect to certain indemnification agreements with directors and certain officers (filed as Exhibit 10(u) to Form 10-K of Cleveland-Cliffs Inc filed on March 30, 1992 and incorporated by reference)	Not Applicable
10(v)	*	Trust Agreement No. 7 dated as of April 9, 1991, by and between Cleveland-Cliffs Inc and Society National Bank (successor to Ameritrust Company National Association) with respect to the Cleveland-Cliffs Inc Supplemental Retirement Benefit Plan, as amended by First Amendment to Trust Agreement No. 7 (filed as Exhibit 10(v) to Form 10-K of Cleveland-Cliffs Inc filed on March 30, 1992 and incorporated by reference)	Not Applicable

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*Reflects management contract or other compensatory arrangement required to be filed as an Exhibit pursuant to Item 14(c) of this Report.

10(w)	*	Trust Agreement No. 8 dated as of April 9, 1991, by and between Cleveland-Cliffs Inc and Society National Bank (successor to Ameritrust Company National Association) with respect to the Cleveland-Cliffs Inc Retirement Plan for Non-Employee Directors, as amended by First Amendment to Trust Agreement No. 8 (filed as Exhibit 10(w) to Form 10-K of Cleveland-Cliffs Inc filed on March 30, 1992 and incorporated by reference)	Not Applicable
10(x)		Cleveland-Cliffs Inc Retention Plan for Salaried Employees (filed as Exhibit 10(x) to Form 10-K of Cleveland-Cliffs Inc filed on March 30, 1992 and incorporated by reference)	Not Applicable
10(y)	*	Severance Pay Plan for Key Employees of Cleveland-Cliffs Inc (filed as Exhibit 10(y) to Form 10-K of Cleveland-Cliffs Inc filed on March 30, 1992 and incorporated by reference)	Not Applicable
10(z)	*	Voluntary Non-Qualified Deferred Compensation Plan of Cleveland-Cliffs Inc as amended by Amendment No. 1 to Voluntary Non-Qualified Deferred Compensation Plan and Amendment No. 2 to Voluntary Non-Qualified Deferred Compensation Plan (filed as Exhibit 10(z) to Form 10-K of Cleveland-Cliffs Inc filed on March 30, 1992 and incorporated by reference)	Not Applicable
10(aa)	*	First Amendment to Amendment and Restatement of Cleveland-Cliffs Inc Supplemental Retirement Benefit Plan, dated as of January 15, 1993 (filed as Exhibit 10(aa) to Form 10-Q of Cleveland-Cliffs Inc filed on May 12, 1993 and incorporated by reference)	Not Applicable
11		Statement re computation of per share earnings	29-30
13		Selected portions of 1993 Annual Report to Security Holders	
13(a)		Management's Discussion and Analysis of Financial Condition and Results of Operations	31-40
13(b)		Report of Independent Auditors	41
13(c)		Statement of Consolidated Financial Position	42-43
13(d)		Statement of Consolidated Income	44
13(e)		Statement of Consolidated Cash Flows	45

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*Reflects management contract or other compensatory arrangement required to be filed as an Exhibit pursuant to Item 14(c) of this Report.

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Exhibit 11

Computation of Earnings Per Share
CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES

	(In Millions, Except Per Share Amounts) Year Ended December 31		
	1993	1992	1991
Earnings per share, as reported:			
Average shares outstanding	12.0	12.0	11.8
Income before cumulative effect of changes in accounting principles	$ 54.6	$ 30.8	$ 53.8
Cumulative effect on prior years of changes in accounting principles	--	(38.7)	--
Net income (loss)	$ 54.6	$ (7.9)	$ 53.8
Income (loss) per share:			
Income before cumulative effect of changes in accounting principles	$ 4.55	$ 2.57	$ 4.55
Cumulative effect on prior years of changes in accounting principles	--	(3.23)	--
Net income (loss)	$ 4.55	$ (.66)	$ 4.55
Primary earnings per share:			
Average shares outstanding	12.0	12.0	11.8
Net effect of dilutive stock options - based on the treasury stock method using average market price	0.1	0.1	0.1
Average shares and equivalents	12.1	12.1	11.9
Income before cumulative effect of changes in accounting principles	$ 54.6	$ 30.8	$ 53.8
Cumulative effect on prior years of changes in accounting principles	--	(38.7)	--
Net income (loss)	$ 54.6	$ (7.9)	$ 53.8
Income (loss) per share:			
Income before cumulative effect of changes in accounting principles	$ 4.51	$ 2.55	$ 4.52
Cumulative effect on prior years of changes in accounting principles	--	(3.20)	--
Net income (loss)	$ 4.51	$ (.65)	$ 4.52

(In Millions, Except Per Share Amounts) Year Ended December 31	1993	1992	1991
Fully diluted earnings per share:			
Average shares outstanding	12.0	12.0	11.8
Net effect of dilutive stock options - based on the treasury stock method using higher of year-end or average market price	0.1	0.1	0.1
Average fully diluted shares	12.1	12.1	11.9

	1993	1992	1991
Income before cumulative effect of changes in accounting principles	$ 54.6	$ 30.8	$ 53.8
Cumulative effect on prior years of changes in accounting principles	--	(38.7)	--
Net income (loss)	$ 54.6	$ (7.9)	$ 53.8
Income (loss) per share:			
Income before cumulative effect of changes in accounting principles	$ 4.51	$ 2.55	$ 4.52
Cumulative effect on prior years of changes in accounting principles	--	(3.20)	--
Net income (loss)	$ 4.51	$ (.65)	$ 4.52

Common stock options do not have a material dilutive effect and therefore were not included in the computation of earnings per share as reported.

MANAGEMENT'S DISCUSSION AND ANALYSIS Exhibit 13(a)
OF FINANCIAL CONDITION AND RESULTS OF OPERATION

In 1993, Cleveland-Cliffs earned $31.4 million, or $2.62 a share, excluding the recovery on the settlement of the Company's bankruptcy claim against The LTV Corporation (including its wholly-owned, integrated steel company subsidiary, LTV Steel Company, Inc.; collectively "LTV"). Including the $23.2 million net recovery, earnings were $54.6 million, or $4.55 per share.

Following is a summary of results for the years 1993, 1992, and 1991:

	(In Millions, Except Per Share)		
	1993	1992	1991
Net Income Before Cumulative Effect of Accounting Changes			
- Amount	$ 54.6	$ 30.8	$ 53.8
- Per Share	4.55	2.57	4.55
Cumulative Effect of Accounting Changes, Net of Income Taxes			
Other Post Employment Benefits		(42.5)	
Income Taxes		3.8	
Total Cumulative Effect		(38.7)	
Net Income (Loss)			
- Amount	$ 54.6	$(7.9)	$ 53.8
- Per Share	$ 4.55	$(.66)	$ 4.55

Year 1991 results included a $14.4 million net gain on the sale of timberlands.

1993 VERSUS 1992

Revenues were $355.9 million in 1993, an increase of $28.9 million from 1992. Revenues included a $35.7 million pre-tax recovery on the LTV bankruptcy claim in 1993 and a $2.4 million residual recovery of a bankruptcy claim against Wheeling-Pittsburgh Steel Corporation ("Wheeling") in 1992. Without these items, revenues in 1993 were $320.2 million, down $4.4 million from 1992. Revenues from product sales and services in 1993 totaled $268.1 million, up $1.2 million from 1992, mainly due to higher sales volume, partially offset by lower coal revenues related to the Company's exit from the coal business in 1993 and lower average iron ore sales price. North American pellet sales were 6.4 million tons in 1993 compared with 6.0 million tons in 1992. Royalty and management fee revenues in 1993 totaled $39.7 million, a decrease of $4.1 million from 1992 due primarily to decreased production as a result of a six-week labor strike in the third quarter of 1993 at the Empire, Hibbing and Tilden mines, and higher payments to mineral owners.

Net income for the year 1993, excluding a $23.2 million gain on the LTV bankruptcy settlement, was $31.4 million, an increase of $2.2 million from the comparable 1992 period, before a $38.7 million after-tax charge in 1992 for the cumulative effect of adopting two new accounting standards and a $1.6 million after-tax residual Wheeling bankruptcy recovery in 1992.

The earnings improvement of $2.2 million reflected a $13.0 million after-tax provision for doubtful accounts receivable in 1992, higher sales volume, inventory reduction, and higher Australian earnings, partially offset by an estimated $5.4 million after-tax cost of the six-week strike, lower sales margin, a non-recurring state tax credit in 1992, and lower royalties.

In 1993, the Company recorded a $23.2 million, or $1.93 per share, after-tax gain on the receipt of securities in settlement of its bankruptcy claim against LTV. In January, 1992, the Company recorded a $38.7 million, or $3.23 per share, charge for the cumulative effect of adopting new accounting standards covering retiree medical costs and income taxes. In 1992, the Company received a $2.4 million supplemental recovery on a prior year settlement of its bankruptcy claim against Wheeling, which resulted in an after-tax gain of $1.6 million, or 13 cents per share.

Including the special items, year 1993 net income was $54.6 million, versus a net loss of $7.9 million in 1992.

1992 VERSUS 1991

Revenues were $327.0 million in 1992, a decrease of $36.3 million from 1991. Revenues in 1992 included a $2.4 million pre-tax recovery on bankruptcy claims. Revenues in 1991 included a $21.5 million pre-tax gain on the sale of forest lands and $5.8 million of pre-tax recoveries on bankruptcy claims. Without these items, revenues in 1992 were $324.6 million, down $11.4 million from 1991. Revenues from product sales and services in 1992 totaled $266.9 million, a decrease of $4.7 million from 1991 mainly due to the sale of coal interests in 1992 and reduced Savage River sales realization, partially offset by increased service revenues. North American pellet sales were 6.0 million tons in both years. Royalties and management fee revenue in 1992 totaled $43.8 million, a decrease of $2.0 million from 1991 due primarily to the Company's reduced coal business and higher payments to mineral owners.

Net income before the cumulative effect of accounting changes of $30.8 million in 1992 decreased $23.0 million from results in 1991. The decrease primarily reflected a $21.5 million pre-tax gain on the sale of timberlands in 1991 and a $17.5 million provision for doubtful accounts receivable in 1992, a less favorable sales mix, higher effective income tax rate, and lower net interest income, partially offset by lower mine development costs, a $3.9 million credit for resolution of a state tax dispute, and higher dividend income.

In 1992, the Company adopted Financial Accounting Standards ("FAS") 106 and 109 effective January 1, 1992. (See Note A to Consolidated Financial Statements).

The prior years' cumulative effect of FAS 106, "Accounting for Post-Retirement Benefits Other than Pensions" ("OPEB"), resulted in a one-time, after-tax charge against first quarter 1992 results of $42.5 million, or $3.54 per common share.

The prior years' cumulative effect of FAS 109, "Accounting for Income Taxes," which changes the accounting for income taxes from the deferred method to the liability method, resulted in a non-cash credit to income of $3.8 million, or 31 cents per share, in the first quarter of 1992.

OPERATING RESULTS IN 1994

The following items are expected to affect 1994 results of operations versus 1993:

- bullet Higher labor contract costs
- bullet Lower Australian pellet price
- bullet Increased pension and OPEB costs due to lower interest rates
- bullet Development costs for reduced iron projects
- bullet Higher average North American pellet price
- bullet Extremely severe winter weather in U.S. mining regions in early 1994
- bullet Non-recurring strike impact in 1993, including inventory liquidation

CASH FLOW AND LIQUIDITY

At December 31, 1993, the Company had cash and equivalents totaling $67.9 million, including $3.1 million dedicated to fund Australian mine obligations. During the year 1993, the Company converted $90.0 million of cash equivalents to highly-liquid marketable securities to improve its return on those funds. At year-end, these marketable securities were $93.1 million. In addition, the full amount of a $75.0 million unsecured revolving credit agreement was available.

Since December 31, 1992, cash and marketable securities have increased by $32.4 million to $161.0 million due mainly to cash flow from operating activities (excluding changes in operating assets and liabilities), $33.8 million, and decreases in operating assets and liabilities other than marketable securities, $36.5 million, partially offset by cash dividends, $26.4 million, capital expenditures, $5.0 million, and debt repayments, $4.4 million.

Excluding the $93.1 million investment in marketable securities, working capital decreased by $36.5 million primarily due to a decrease in product inventories, $21.9 million, decreased receivables from associated companies, $5.6 million, and lower deferred tax assets, $3.6 million.

North American pellet inventories at December 31, 1993 were .8 million tons or $19.4 million, a decrease of .7 million tons, or $20.1 million, from December 31, 1992. The decrease reflected lower production due to the six-week strike and increased sales, partially offset by strike-related pellet purchases.

FOLLOWING IS A SUMMARY OF 1993 CASH FLOW:

	(Millions)
Cash Flow from Operating Activities excluding changes in operating assets and liabilities	$ 33.8
Changes in Operating Assets and Liabilities:	
Marketable Securities	(93.1)
Other	36.5
Net Cash (Used by) Operations	(22.8)
Dividends	(26.4)
Capital Expenditures	(5.0)
Debt Payments	(4.4)
Purchase of Long-Term Investments	(3.6)
Other (net)	1.5
Net (Decrease) in Cash and Cash Equivalents	$(60.7)
Increase in short-term Marketable Securities	93.1
Net Increase in Cash and Marketable Securities	$ 32.4

FOLLOWING IS A SUMMARY OF KEY LIQUIDITY MEASURES:

	At December 31 (Millions)		
	1993	1992	1991
Cash and Temporary Investments			
Cash and Cash Equivalents	$ 67.9	$128.6	$ 95.9
Marketable Securities	93.1	--	--
Total	$161.0	$128.6	$ 95.9
Working Capital	$186.0	$188.9	$139.7
Ratio of Current Assets to Current Liabilities	3.9:1	4.1:1	3.1:1

LONG-TERM INVESTMENTS

Total cash and long-term securities at December 31, 1993 dedicated to fund the eventual Savage River closedown liability were $15.5 million, including Australian government securities, $12.4 million, and cash of $3.1 million.

Additionally at December 31, 1993, the Company had other long-term investments as follows:

bullet Weirton Steel Corporation 12-1/2 percent redeemable issue of preferred stock, with a par value of $25.0 million, due in 2003. bullet LTV Common Stock, .8 million shares with a market value of $13.2 million.
bullet Long-term government and corporate bonds, $6.9 million.

NORTH AMERICAN IRON ORE

Since the integrated steel industry in North America has experienced difficult business conditions and substantial financial losses over a period of years, the major business risk faced by the Company is the potential financial failure and shutdown of one or more of its significant customers and partners, with the resulting loss of ore sales and royalty and management fee income. If any such shutdown were to occur without mitigation through replacement sales volume or cost reduction, it would represent a significant adverse financial development to the Company. The iron mining business has relatively high operating leverage because "fixed" costs are a large portion of the cost structure. Therefore, loss of sales volume due to failure of a customer or other loss of business would have an adverse income effect proportionately greater than the revenue effect.

Sharon Steel Corporation ("Sharon"), which was a significant customer, suspended its blast furnace operations in September, 1992, and filed for protection from its creditors under Chapter 11 of the U. S. Bankruptcy Code on November 30, 1992. The Company's sales of iron ore to Sharon, which for the year 1992 totaled .7 million tons through August, were suspended when Sharon's blast furnace operations were idled prior to the bankruptcy filing. No shipments of iron ore were made to Sharon in the fourth quarter of 1992 or for the entire year 1993. Sharon is attempting to reorganize, but it is highly unlikely that such reorganization efforts will be successful in restarting blast furnace operations. The Company was able to replace the lost Sharon sales for the year 1993.

Another significant customer of the Company, McLouth Steel Corporation ("McLouth") continues to encounter financial difficulties. Temporary concessions were extended by the Company, other suppliers and McLouth employees during 1993. Sales to McLouth totaled 1.5 million tons in 1993 which represented 23 percent of sales volume and contributed $8.9 million to net income before fixed cost absorption. Included in the Company's December 31, 1993 inventory was .2 million tons consigned to McLouth in accordance with long-standing practice.

The Company has fully reserved its accounts receivable from McLouth and Sharon.

Algoma Steel Inc. ("Algoma"), one of the Company's significant partners, emerged from Canadian financial restructuring proceedings on June 5, 1992. The Company purchased Algoma's Tilden Mine hematite production rights as part of the restructuring in return for certain commercial and financial benefits. Algoma also renewed its guarantee of the Tilden obligations of Algoma's wholly-owned subsidiary.

In February, 1994, the Company reached agreement in principle with Algoma and Stelco Inc. to restructure and simplify the Tilden Mine operating agreement effective January 1, 1994. The principal terms of the new agreement are (1) the participants' tonnage entitlements and cost-sharing will be based on a 6.0 million ton target normal production level instead of the previous 4.0 million ton base production level, (2) the Company's interest in the Tilden Magnetite Partnership increases from 33.33% to 40.0% with an associated increase in the Company's obligation for mine costs, (3) the Company will receive an increased royalty, (4) the Company has the right to supply any additional iron ore pellet requirements of Algoma from Tilden or the Company, and (5) a partner may take additional production with certain fees paid to the Partnership. The agreement is not expected to have a material financial effect on the Company's consolidated financial statements. In a related transaction, Algoma repaid $4.2 million to the Company on December 30, 1993, in connection with cancellation of the Hematite Entitlement Agreement. The Company's investments in associated companies, $152.2 million, reflect an $8.8 million reduction, related to such cancellation. The new Tilden arrangements reflect an underlying plan of operating improvements and will allow a lengthening of the magnetite ore reserve life. Additional capital and development expenditures are expected in connection with the improvement plan.

On June 28, 1993, LTV, another significant partner of the Company, emerged from Chapter 11 bankruptcy. In final settlement of its allowed claim, the Company received 2.3 million shares of LTV Common Stock and 4.4 million Contingent Value Rights. The settlement, reflected in the Company's operating results, totaled $35.7 million before tax and $23.2 million after-tax.

Labor contracts expired at four of the mines managed by the Company during 1993. The Wabush Mines' contract expired on February 28, 1993; however, the employees have continued to work under the terms of the previous agreement. Six-year, no strike agreements between the United Steelworkers of America and three U.S. iron ore mining operations managed by the Company were ratified by the union members after the six-week strike that began August 1. The agreements cover the Empire and Tilden Mines in Michigan and the Hibbing Mine in Minnesota.

The agreements follow the wage and signing bonus pattern of the earlier settlements by major steel companies, grant higher pension benefits during the six-year term, increase vacation time and incentive pay, and allow certain work force productivity gains. On-going employment costs per hour are expected to rise approximately 10 percent by July 31, 1996. At that time, the agreements can be reopened for limited economic and other matters, subject to binding arbitration or conformity to certain steel company contract changes.

Important objectives achieved were the six-year term, limited economic reopener, and improved work rule flexibility. Also, the agreements do not have the employment guarantee, joint decision-making, and asset lien provisions of the recent steel company labor contracts. The union obtained certain economic gains beyond the steel company pattern.

The Company's inventory and contingent purchase agreements in 1993 were sufficient to satisfy customer requirements during the strike period.

Domestic steel shipments, which were 88 million tons in 1993, are expected to exceed 90 million tons in 1994, the highest level since 1979. Continuing strong demand from the automotive industry combined with improving markets for other steel products are resulting from strengthening U.S. and Canadian economies.

The five North American mines operated by the Company have initially scheduled 34.5 million tons of pellet production for 1994 which is nearly 100 percent of active capacity. The Company's share of scheduled production is 6.0 million tons. In 1993, total production at the Company-managed mines was 32.3 million tons and the Company's share totaled 5.3 million tons. Production schedules are subject to change throughout the year.

The Company's North American pellet sales under the Company's current multi-year contracts are expected to total about 5.0 million tons in 1994, which represents 83% of its 1994 production nomination. In 1993, total pellet sales were 6.4 million tons including spot market sales. Each year, the Company makes substantial sales in the spot market. Multi-year contracts generally have pre-determined price escalation provisions.

AUSTRALIA

Savage River Mines in Tasmania, Australia operated at its capacity of 1.5 million tons in 1993 with continued satisfactory financial results. A decrease in the international pellet price in 1993 was largely offset by a favorable currency exchange effect. International iron ore prices are expected to decrease in 1994 due to weak markets in Japan and Europe. The current operation is projected to continue until early 1997. Potential mine life extension is under study. Savage River closedown costs are included in the Capacity Rationalization Reserve with investments in Australian government securities and cash to fund the obligations.

COAL

The Company's sale of the Turner Elkhorn Mining Company and the termination of management and administrative support of the Chisholm Mine in early 1993 completed the Company's exit from the coal business. No material effect on the Company's consolidated financial statements resulted.

Pursuant to the Coal Industry Retiree Health Benefit Act of 1992, the Trustees of the UMWA Combined Benefit Fund have assigned responsibility to the Company for premium payments with respect to 366 retirees and dependents and 111 "orphans" (unassigned beneficiaries), representing less than one-half of one percent of all "assigned beneficiaries." The Company is evaluating each assignment and expects to contest those it believes were incorrectly assigned. Premium payments by the Company in 1993 were $.3 million. 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 75 beneficiaries related to two formerly operated joint venture coal mines. The Company is actively contesting the complaint. Monthly premium payments 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. In 1993, the Company increased its coal retiree reserve to $11.0 million, of which $1.3 million is current, net of the 1993 payments. The reserve is reflected at present value, utilizing an assumed discount rate of 7.25%. The Company's liability has been adequately covered in its capacity rationalization costs. Constitutional and other legal challenges to various provisions of the Act by other former coal producers are pending in the Federal Courts.

ACTUARIAL ASSUMPTIONS

As a result of declining long-term interest rates, the Company has re-evaluated the interest rates used to calculate its pension and OPEB obligations. Financial accounting standards require that the discount rates used to calculate the actuarial present value of such benefits reflect the rate of interest on high quality fixed income securities. The discount rates used to calculate the Company's pension and OPEB obligations were reduced to 7.25% at December 31, 1993. At December 31, 1992, the discount rates used for determining pension and OPEB obligations were 8.0% and 8.5%, respectively. The Company also reduced its assumed long-term rate of return on pension assets from 9% at December 31, 1992 to 8% at December 31, 1993.

The decrease in interest rates did not affect year 1993 financial results; however, in 1994 and subsequent years, the Company will realize a non-cash decrease in pension credits and a non-cash increase in OPEB expense. The decrease in annual net income resulting from the lower discount rate and decreased long-term rate of return assumptions is estimated to approximate $1.7 million.

ENVIRONMENTAL COSTS

The Company's policy is to conduct business in a manner that promotes environmental quality. Environmental costs at active operations are included in current operating and capital costs. The Company's environmental obligations for idle and closed mining and other sites have been recognized based on specific estimates for known conditions and required investigations. Any potential insurance recoveries have not been reflected in the determination of the reserve.

At December 31, 1993, the Company has provided an environmental reserve of $10.3 million, of which $3.1 million is current. The components are as follows:

bullet $4.2 million for the Cliffs-Dow sites under the Federal Superfund and Michigan Environmental Response and Liability Act, based on a clean-up plan prepared by outside consultants engaged by the several responsible parties. Remediation activities are in progress at these non-mining sites and costs to date are consistent with the estimate.

bullet $6.1 million for other actual and potential exposures for long-terminated activities, including the Arrowhead Refining site in Minnesota, the Rio Tinto mine site in Nevada, and the Summitville mine and Colorado School of Mining Research Institute sites in Colorado, which are independent of the Company's iron mining operations. The reserve is based on the estimated cost of investigation and remediation, to the extent determinable, of sites where expenditures may be required. Final obligations, plans and cost allocations among the involved parties are undetermined. Therefore, additional costs could be incurred but the range is unknown.

Environmental expenditures are not expected to materially impact the Company's consolidated financial statements. However, operations owned and managed by the Company are subject to numerous federal, state and local environmental laws and regulations. These laws and regulations have been constantly evolving and becoming more complex and more stringent. Their impact may not be immediately known or determinable.

CAPITAL EXPENDITURES

The Company's corporate strategy includes extending its business scope to produce and supply direct reduced iron for steelmakers. Current activities involve investigation of various potential projects, including reactivation of the Company's idle Republic Mine to produce hot briquetted iron in conjunction with several steel companies. A commercial decision could occur on this $65 to $75 million project during the first half of 1994 with production beginning by late 1995 or early 1996. The Company expects to have approximately a 33 percent interest in the project or, depending on contractual arrangements, a higher interest. The Company's share of the project expenditures in 1994 would range between $5.1 and $15.0 million. The project may be organized as a partnership with financing of a substantial portion of the investment. Other capital expenditures in 1994 are expected to total $8.3 million, including the Company's $4.7 million share of associated companies' expenditures. The year 1993 capital expenditures totaled $5.0 million.

CAPITALIZATION

On May 21, 1992, the Company completed a private placement of $75.0 million of medium term, unsecured senior notes pursuant to agreements with an insurance company group. The proceeds were partially used to retire the Company's existing $41.0 million term loan. One-third of the notes have an interest rate of 8.5 percent, and two-thirds have an interest rate of 8.8 percent. The notes require annual repayments of principal beginning in 1995 and 1996, respectively, with final maturities of 1999 and 2002, respectively. The aggregate maturities for the five years succeeding December 31, 1993 are $5.0 million for 1995 and $12.1 million for 1996 through 1998. Following is a summary of long-term obligations:

LONG-TERM OBLIGATIONS AT DECEMBER 31
(In Millions)

	Effectively Serviced Obligations				
	Consolidated	Share of Associated Companies	Total	Guaranteed Obligations	Total Obligations
1993	$ 75.0	$ 13.6	$ 88.6	$ 20.8	$109.4
1992	75.1	17.0	92.1	27.9	120.0
1991	41.2	23.8	65.0	35.4	100.4

On April 30, 1992, the Company entered into a $75.0 million three-year revolving credit agreement. No borrowings are outstanding under the revolving credit facility which expires on April 30, 1995.

At December 31, 1993, guaranteed obligations principally represented the Empire Mine debt obligations of LTV and Wheeling. In June, 1993, LTV emerged from bankruptcy pursuant to its reorganization plan approved by the Bankruptcy Court. As part of the settlement of the Company's claim asserted against LTV and in the bankruptcy proceedings, LTV has affirmed its ongoing interest in the Empire Mine, substantially reducing the Company's financial exposure on the guaranteed obligations. On January 1, 1992, the Company transferred 2.4875% of its Empire Mine interest to Wheeling which reduced the Company's share of effectively serviced Empire Mine debt obligations by $2.3 million with a corresponding increase in guaranteed obligations. The Empire Mine long-term debt is scheduled to be fully extinguished in December, 1996 (the Company's share of Empire long-term debt principal payments is $4.3 million in 1994 and 1995 and $3.9 million in 1996).

The ratio of effectively serviced long-term obligations to shareholders' equity was .3:1 at December 31, 1993 versus .3:1 at December 31, 1992, and .2:1 at December 31, 1991.

(The "Management's Discussion and Analysis of Financial Condition and Results of Operations" contains two graphs, one entitled "Cumulative Earnings & Dividends" and the other entitled "Components of Invested Capital". For a description of the graph of "Cumulative Earnings & Dividends" see graph A in Appendix A to this report, and for a description of the graph of "Components of Invested Capital" see graph B in Appendix A to this report.)

Exhibit 13(b)

REPORT OF INDEPENDENT AUDITORS

Shareholders and Board of Directors
Cleveland-Cliffs Inc

We have audited the accompanying statement of consolidated financial position of Cleveland-Cliffs Inc and consolidated subsidiaries as of December 31, 1993 and 1992, and the related statements of consolidated income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1993. Our audits also included the financial statement schedules listed in the index at Item 14(a). These financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cleveland-Cliffs Inc and consolidated subsidiaries at December 31, 1993 and 1992, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1993, in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

As discussed in Note A to the consolidated financial statements, in 1992 the Company changed its methods of accounting for post-retirement benefits other than pensions and income taxes.

Ernst & Young

Cleveland, Ohio
February 14, 1994

STATEMENT OF CONSOLIDATED FINANCIAL POSITION
Cleveland-Cliffs Inc and Consolidated Subsidiaries

	(In Millions) December 31 1993	1992
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 67.9	$ 128.6
Marketable securities	93.1	--
	161.0	128.6
Trade accounts receivable (net of allowance, 1993 - $19.5 and 1992 - $20.8)	27.6	27.4
Receivables from associated companies	9.3	14.9
Product inventories	27.5	49.4
Deferred income taxes	14.1	17.7
Other	10.5	11.2
TOTAL CURRENT ASSETS	250.0	249.2
PROPERTIES		
Plant and Equipment	157.6	161.7
Minerals	15.0	15.2
	172.6	176.9
Allowances for depreciation and depletion	(137.3)	(141.2)
TOTAL PROPERTIES	35.3	35.7
INVESTMENTS IN ASSOCIATED COMPANIES	152.3	167.1
OTHER ASSETS		
Long-term investments	57.4	38.2
Deferred charges	9.2	10.7
Deferred income taxes	6.5	5.8
Miscellaneous	34.7	30.5
TOTAL OTHER ASSETS	107.8	85.2
TOTAL ASSETS	$ 545.4	$ 537.2

STATEMENT OF CONSOLIDATED FINANCIAL POSITION
Cleveland-Cliffs Inc and Consolidated Subsidiaries

	(In Millions) December 31	
	1993	1992
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade accounts payable	$ 11.5	$ 11.8
Payables to associated companies	4.9	4.4
Accrued employment costs	17.7	16.1
Accrued expenses	10.0	7.4
Income taxes payable	14.6	12.7
Current portion of long-term obligations	--	.1
Reserve for capacity rationalization	1.7	2.7
Other	3.6	5.1
TOTAL CURRENT LIABILITIES	64.0	60.3
LONG-TERM OBLIGATIONS	75.0	75.0
POST-EMPLOYMENT BENEFIT LIABILITIES	71.2	70.5
RESERVE FOR CAPACITY RATIONALIZATION	21.7	26.3
OTHER LIABILITIES	32.8	35.5
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;		
Issued - 16,827,941 shares	16.8	16.8
Capital in excess of par value of shares	61.4	61.2
Retained income	315.8	308.0
Foreign currency translation adjustments	(.3)	(.3)
Unrealized gain on available for sale securities, net of tax	1.3	--
Cost of 4,763,824 Common Shares in treasury (1992 - 4,839,387 shares)	(114.3)	(116.1)
TOTAL SHAREHOLDERS' EQUITY	280.7	269.6
COMMITMENTS - Note B		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 545.4	$ 537.2

See notes to consolidated financial statements.

	(In Millions, Except Per Share Amounts) Year Ended December 31		
	1993	1992	1991
REVENUES			
Product sales and service	$ 268.1	$ 266.9	$ 271.6
Royalties and management fees	39.7	43.8	45.8
Total Operating Revenues	307.8	310.7	317.4
Recoveries on bankruptcy claims	35.7	2.4	5.8
Gains on sales of assets	--	.8	21.5
Interest income	6.0	6.5	8.6
Other income	6.4	6.6	10.0
Total Revenues	355.9	327.0	363.3
COSTS AND EXPENSES			
Cost of goods sold and operating expenses	252.8	241.1	255.3
Administrative, selling and general expenses	15.2	16.6	19.7
Bad debt expense	--	17.5	--
Interest expense	6.6	5.0	3.8
Other expenses	5.6	5.4	14.4
Total Costs and Expenses	280.2	285.6	293.2
INCOME BEFORE INCOME TAXES AND THE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	75.7	41.4	70.1
Income taxes	21.1	10.6	16.3
INCOME BEFORE THE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	54.6	30.8	53.8
Cumulative effect on prior years of changes in accounting principles	--	(38.7)	--
NET INCOME (LOSS)	$ 54.6	$(7.9)	$ 53.8
INCOME (LOSS) PER COMMON SHARE			
Before the cumulative effect of changes in accounting principles	$ 4.55	$ 2.57	$ 4.55
Cumulative effect on prior years of changes in accounting principles	--	(3.23)	--
NET INCOME (LOSS)	$ 4.55	$(.66)	$ 4.55

See notes to consolidated financial statements.

	(In Millions, Brackets Indicate Cash Decrease) Year Ended December 31		
	1993	1992	1991
OPERATING ACTIVITIES			
Net income (loss)	$ 54.6	$ (7.9)	$ 53.8
Adjustments to reconcile net income (loss) to net cash from operations:			
Depreciation and amortization:			
Consolidated	2.6	2.8	2.8
Share of associated companies	10.9	11.3	13.2
Cumulative effect of change in accounting principle-other post-retirement benefits	-0-	64.3	-0-
Provision for deferred income taxes	2.2	(27.4)	(21.5)
Gains on sales of assets	(.2)	(.8)	(21.5)
Recovery on bankruptcy claims	(31.6)	-0-	71.3
Provision for doubtful accounts	-0-	17.5	-0-
Increases (charges) to capacity rationalization reserve	2.5	.5	(1.5)
Other	(7.2)	(10.6)	9.4
Total before changes in operating assets and liabilities	33.8	49.7	106.0
Changes in operating assets and liabilities:			
Marketable securities (increase) decrease	(93.1)	-0-	-0-
Inventories and prepaid expenses (increase) decrease	22.3	(13.9)	.3
Receivables (increase) decrease	6.7	(7.0)	(3.0)
Payables and accrued expenses increase (decrease)	7.5	(2.5)	(11.2)
Total changes in operating assets and liabilities	(56.6)	(23.4)	(13.9)
Net cash from (used by) operating activities	(22.8)	26.3	92.1
INVESTING ACTIVITIES			
Purchase of plant, property and equipment:			
Consolidated	(2.8)	(2.9)	(2.9)
Share of associated companies	(2.2)	(2.3)	(4.4)
Proceeds from sales of assets	.3	1.0	23.0
Purchase of long-term investments	(3.6)	(5.5)	(33.1)
Net cash (used by) investing activities	(8.3)	(9.7)	(17.4)
FINANCING ACTIVITIES			
Proceeds from long-term debt	-0-	75.0	-0-
Principal payments on long-term debt:			
Consolidated	(.1)	(41.1)	(11.8)
Share of associated companies	(4.3)	(4.4)	(5.6)
Dividends *	(26.4)	(14.1)	(59.1)
Other	1.2	1.2	1.7
Net cash from (used by) financing activities	(29.6)	16.6	(74.8)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	-0-	(.5)	-0-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(60.7)	32.7	(.1)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	128.6	95.9	96.0
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 67.9	$128.6	$ 95.9
Taxes paid on income	$ 16.6	$ 18.6	$ 32.4
Interest paid on debt obligations	$ 6.5	$ 4.0	$ 3.9

*Excludes non-cash distribution of 1.5 million shares ($20.4 million) of the 2.3 million shares of LTV Corporation common stock received in the bankruptcy settlement.

See notes to consolidated financial statements.

(In Millions)

	Common Shares	Capital In Excess of Par Value Of Shares	Retained Income	Foreign Currency Translation Adjustments	Available For Sale Securities	Common Shares In Treasury	Total
BALANCE December 31, 1990	$ 16.8	$ 61.6	$ 335.3	$ .4	$ --	$(123.3)	$290.8
Net income			53.8				53.8
Cash dividends-$5.03 a share			(59.1)				(59.1)
Issuance of 203,163 Common Shares under stock plans		(.5)				4.9	4.4
Other				.3		.6	.9
BALANCE December 31, 1991	16.8	61.1	330.0	.7		(117.8)	290.8
Net loss			(7.9)				(7.9)
Cash dividends-$1.18 a share			(14.1)				(14.1)
Issuance of 65,968 Common Shares under stock plans		.1				1.6	1.7
Other				(1.0)		.1	(.9)
BALANCE December 31, 1992	16.8	61.2	308.0	(.3)		(116.1)	269.6
Net income			54.6				54.6
Cash dividends:							
Regular - $1.20 a share			(14.4)				(14.4)
Special - $1.00 a share			(12.0)				(12.0)
Non-cash dividend - $1.70 a share			(20.4)				(20.4)
Change in unrealized gains, net of tax					1.3		1.3
Issuance of 60,286 Common Shares under stock plans		.3				1.4	1.7
Other		(.1)				.4	.3
BALANCE December 31, 1993	$16.8	$ 61.4	$315.8	$(.3)	$ 1.3	$(114.3)	$280.7

See notes to consolidated financial statements.

ACCOUNTING POLICIES

BASIS OF CONSOLIDATION: The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries, and references to the "Company" include the Company and consolidated subsidiaries. "Investments in Associated Companies" are comprised of partnerships and unconsolidated companies which the Company does not control. Such investments are accounted by the equity method (see Note B). The Company's equity in earnings of mining partnerships from which the Company purchases iron ore production is credited to cost of goods sold upon sale of the product.

BUSINESS: The Company's dominant business is the production and sale of iron ore pellets. The Company controls, develops, and leases reserves to mine owners; manages and owns interests in mines; sells iron ore; and owns interests in ancillary companies providing services to the mines. Iron ore production activities are conducted in the United States, Canada and Australia. The Australian operations had total revenues and operating profit of $41.9 million and $3.2 million, $40.3 million and $2.2 million, and $44.0 million and $.2 million, in 1993, 1992 and 1991, respectively. Total Australian assets, including securities to fund eventual shutdown cost ($12.4 million, 1993 and $9.4 million, 1992), were $29.8 million at December 31, 1993 (1992-$28.6 million).

Iron ore is marketed in North America, Europe, Asia, and Australia. The three largest steel company customers' contribution to the Company's revenues were 14%, 12% and 11% in 1993; 13%, 13% and 12% in 1992; and 14%, 13% and 10% in 1991.

CASH EQUIVALENTS: The Company considers investments in highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents.

INVESTMENTS: The Company determines the appropriate classification of debt and equity securities at the time of purchase and reevaluates such designation as of each balance sheet date.

Securities are classified as held-to-maturity when the Company has the intent and ability to hold the securities to maturity. Held-to-maturity securities are stated at cost and investment income is included in earnings.

The Company classifies certain highly liquid securities as trading securities. Trading securities are stated at fair value and unrealized holding gains and losses are included in income.

Securities that are not classified as held-to-maturity or trading are classified as available-for-sale. Available-for-sale securities are carried at fair value, with the unrealized holding gains and losses, net of tax, reported as a separate component of shareholders' equity.

FORWARD FOREIGN EXCHANGE CONTRACTS: The Company had $20.0 million and $24.0 million of forward foreign exchange contracts at December 31, 1993 and 1992, respectively, to hedge against fluctuations of the Australian dollar. The fair value of foreign currency exchange contracts which have varying maturity dates to November 30, 1994 is estimated to be $20.5 million, based on the December 31, 1993 forward rates.

INVENTORIES: Product inventories, primarily finished goods, are stated at the lower of cost or market. The cost of product inventories is determined using the last-in, first-out ("LIFO") method. The excess of current cost over LIFO cost of product inventories was $1.8 million and $2.0 million at December 31, 1993 and 1992, respectively. The cost of other inventories is determined by the average cost method.

PROPERTIES: Depreciation of plant and equipment is computed principally by the straight-line method based on estimated useful lives. Depreciation is not reduced when operating units are temporarily idled. Depletion of mineral lands is computed using the units of production method based upon proven mineral reserves.

EXPLORATION, RESEARCH AND DEVELOPMENT COSTS: Exploration, research and continuing development costs of mining properties are charged to operations as incurred. Initial development and startup costs of major new facilities are deferred and amortized over five years from commencement of commercial production.

INCOME TAXES: Effective January 1, 1992, the Company adopted the Financial Accounting Standards Board Statement No. 109, "Accounting for Income Taxes." Prior years financial statements have not been restated, as further explained in Note A.

INCOME (LOSS) PER COMMON SHARE: Income or loss per common share is based on the average number of common shares outstanding during each year.

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

NOTE A - ACCOUNTING CHANGES

In December, 1990, the Financial Accounting Standards Board issued Statement 106, "Accounting for Post-retirement Benefits Other than Pensions," which requires that the projected future expense of providing post-retirement benefits, such as health care and life insurance, be recognized as employees render service instead of when the benefits are paid. The Statement requires the assumption that present benefit plans continue at escalating costs. The Company adopted the provisions of the new standard in its financial statements for the year ended December 31, 1992. The cumulative effect as of January 1, 1992 of adopting Statement 106 decreased 1992 net income by $42.5 million, or $3.54 per share (after deferred income tax benefit of $21.8 million).

In February, 1992, the Financial Accounting Standards Board issued Statement 109, "Accounting for Income Taxes." The Company adopted the provisions of the new standard in its financial statements for the year ended December 31, 1992. The cumulative effect as of January 1, 1992 of adopting Statement 109 increased net income by $3.8 million, or $.31 per share.

Under Statement 109, the liability method is used in accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities and are measured using currently enacted tax rates and laws applicable when the differences are expected to reverse. Deferred tax assets and liabilities will be adjusted for enacted tax rate changes ($.7 million benefit was recognized in 1993 when the tax rate changed from 34% to 35%). Prior to the adoption of Statement 109, income tax expense was determined using the deferred method. Deferred tax expense was based on items of income and expense that were reported in different years in the financial statements and tax returns and were measured at the tax rates in effect in the years the differences originated.

In November, 1992, the Financial Accounting Standards Board issued Statement 112, "Employers' Accounting for Postemployment Benefits." Statement 112 requires accrual accounting for benefits provided to former or inactive employees after employment but before retirement. Although Statement 112 is effective for years beginning after December 15, 1993, the Company has elected to adopt the provisions of this standard for the year ended December 31, 1993. The effect of adopting this statement was not material to the consolidated financial statements.

In May, 1993, the Financial Accounting Standards Board issued Statement 115, "Accounting for Certain Investments in Debt and Equity Securities," which establishes standards of financial accounting and reporting investments in equity securities that have readily determinable fair values and for investments in debt securities. This statement, which is effective for years beginning after December 15, 1993, has been adopted for the year ended December 31, 1993. The effect of adopting this statement was not material to the consolidated financial statements.

NOTE B - INVESTMENTS IN ASSOCIATED COMPANIES

The Company's investments in associated companies are accounted by the equity method and consist primarily of its 22.5625% interest (25.05% in 1991) in Empire Iron Mining Partnership ("Empire"), 15% interest in Hibbing Taconite Company ("Hibbing"), 33.33% interest in Tilden Magnetite Partnership ("Tilden Magnetite"), 60% interest in Tilden Mining Company ("Tilden"), and 7.01% interest (5.2% in 1992 and 1991) in Wabush Mines ("Wabush"). These iron ore mining ventures are managed by the Company in North America. The other interests in these ventures are owned by U.S., Canadian and European steel companies. The Company's investments in associated companies also include interests in other non-operating iron ore mining ventures and mining service companies.

Following is a summary of combined financial information of the operating iron ore mining ventures.

	(In Millions)		
	1993	1992	1991
Income			
Gross revenue	$ 896.5	$ 967.4	$ 944.2
Equity income	82.2	91.7	91.5
Financial Position			
Properties - net	$ 812.4	$ 848.3	$ 909.1
Other assets	95.8	114.1	114.3
Debt obligations	(61.0)	(91.1)	(112.9)
Other liabilities	(123.1)	(124.5)	(112.1)
Net assets	$ 724.1	$ 746.8	$ 798.4
Company's equity in underlying net assets	$ 266.8	$ 278.8	$ 299.2
Company's investment	152.2	166.8	164.9

The Company manages and operates all of the iron ore ventures and leases or subleases mineral rights to certain ventures. In addition, the Company is required to purchase its applicable current share, as defined, of the production decided by the venture participants. The Company purchased $196.0 million in 1993 (1992-$214.4 million; 1991-$206.2 million) of iron ore from certain associated companies. During 1993, the Company earned royalties and management fees of $39.5 million (1992-$41.9 million; 1991-$42.6 million) from iron ore mining ventures of which $10.7 million in 1993 (1992-$12.8 million; 1991-$12.5 million) was paid by the Company as a participant in the ventures.

Costs and expenses incurred by the Company, on behalf of the ventures, are charged to such ventures in accordance with management and operating agreements. The Company's equity in the income of iron ore mining ventures is credited to the cost of goods sold and includes the amortization to income of the excess of the Company's equity in the underlying net assets over its investment on the straight-line method based on the useful lives of the underlying assets. The difference between the Company's equity in underlying net assets and recorded investment results from the assumption of interests from former participants in the mining ventures and from acquisition. The Company's equity in the income of iron ore mining ventures was $23.5 million in 1993 (1992-$32.8 million; 1991-$23.5 million).

On June 5, 1992, Algoma Steel Inc. ("Algoma"), an equity participant in Tilden Magnetite and Tilden, emerged from Canadian reorganization proceedings. As part of Algoma's reorganization plan, the Company entered into a Hematite Entitlement Agreement to purchase Algoma's Tilden hematite pellet production rights in return for certain commercial and financial benefits. Algoma also renewed guarantee of its Tilden obligations. Algoma repaid $4.2 million to the Company on December 30, 1993 in connection with cancellation of the Hematite Entitlement Agreement. The agreement did not have a material effect on the Company's consolidated financial statements. Algoma's guarantee of its Tilden obligations remains in place.

On July 17, 1986, The LTV Corporation (including its wholly-owned, integrated steel company subsidiary, LTV Steel Company, Inc.; collectively, "LTV") filed for protection under Chapter 11 of the U. S. Bankruptcy laws. At that time, through subsidiaries, LTV held a 100% interest in LTV Steel Mining Company ("LTV Mining"), a 35% interest in Empire, a 15.6% interest in Wabush, and a 12% interest in Tilden.

On June 28, 1989, the Company and LTV executed a settlement agreement (the "Agreement"), which was subsequently approved by the bankruptcy court, covering substantially all of the Company's bankruptcy claims against LTV. The Agreement granted to the Company a $205.0 million allowed unsecured claim, (subsequently reduced by an assignment of $4.0 million of the allowed claim), the transfer of a 10% ownership interest in Empire together with related debt service and other obligations from LTV to the Company effective January 1, 1990, the rejection by LTV of its remaining interest in Tilden which was transferred to the Company in 1989, the dismissal of substantially all of the Company's bankruptcy claims against LTV, the indemnification of LTV against further liability relating to such claims, and the rejection by LTV of certain affiliated business ventures with the Company and the terms of various commercial relationships with the Company. LTV's subsidiary continued its Empire participation, including its proportionate share of Empire debt service and related operating expense payments, as reduced by the 1990 transfer of the 10% interest in Empire to the Company.

The Company continues to guarantee the partnership debt applicable to LTV's remaining 25% interest in Empire which at December 31, 1993 was $13.9 million. On June 28, 1993, LTV emerged from bankruptcy. In addition to the items noted above, the Company received in final settlement of its allowed claim, 2.3 million shares of LTV common stock and 4.4 million Contingent Value Rights. The value of the settlement reflected in the Company's operating results totalled $35.7 million before tax and $23.2 million after-tax.

LTV in bankruptcy rejected its Wabush interest. On December 20, 1991, the Wabush Participants and LTV executed a settlement agreement for an allowed unsecured claim totalling $60.0 million, which was approved by the bankruptcy court on April 2, 1992. The allowed claim included LTV's share ($10.3 million including accrued interest at June 30, 1993) of bonded debt.

On July 27, 1993, the Wabush Participants entered into an agreement with the Wabush Iron Co. Limited Bondholders for the retirement of the LTV and Wheeling- Pittsburgh Steel Corporation ("Wheeling") respective shares of the debt obligation ($13.2 million including accrued interest at June 30, 1993) in exchange for (1) transfer of $1.8 million held in trust for the benefit of the Bondholders, (2) the LTV bankruptcy claim proceeds, and (3) other limited and specific venture related income of the Wabush Joint Venturers. This agreement extinguished the mortgage on the Wabush joint venture assets.

The Company's effectively serviced share of long-term obligations of associated companies, including current portion, was $13.6 million as of December 31, 1993 (1992-$17.0 million). In addition, the Company guaranteed $20.8 million of Empire long- term obligations which are effectively serviced by LTV and Wheeling (see Note H). The fair value of the guarantees is nominal because advances against the guarantees would be supported by ownership interests in Empire. Effective January 1, 1992, the Company transferred 2.4875% of its Empire interest to Wheeling which reduced the Company's effectively serviced obligations by $2.3 million, with a corresponding increase in guaranteed obligations, and decreased annual maturities of long-term obligations by $.5 million. Maturities of the Company's share of long-term obligations for the three years after December 31, 1993 are $4.3 million in 1994 and 1995, and a final $3.9 million in 1996. The Company's share of plant and equipment and other property interests which secure the effectively serviced obligations was $46.8 million at December 31, 1993.

NOTE C - INVESTMENTS

The Company elected early adoption of FAS 115 for recording investments in debt and equity securities. Following is a summary of investment securities:

	December 31, 1993 (In Millions)		
	Gross Cost	Estimated Unrealized Gains	Fair Value
Long-Term Investments			
Available-for-Sale			
Municipal Securities	$ 6.6	$ --	$ 6.6
Other Debt Securities	.2	.1	.3
Total Debt Securities	6.8	.1	6.9
Equity Securities	11.2	2.0	13.2
	18.0	2.1	20.1
Held-to-Maturity			
Redeemable Equity Securities	25.0	--	25.0
Australian Government Securities	12.4	.9	13.3
	37.4	.9	38.3
Total Long-Term Investments	$55.4	$ 3.0	$58.4
Marketable Securities			
Trading			
Debt and Equity Securities	$93.0	$ .1	$93.1

The amortized cost and estimated fair value of the Available-for-Sale and Held-to-Maturity securities at December 31, 1993 are shown below.

	December 31, 1993 (In Millions)	
	Cost	Estimated Fair Value
Available-for-Sale		
Debt Instruments:		
Due in one year or less	$ --	$ --
Due after one year through three years	.5	.5
Due after three years	6.3	6.4
	6.8	6.9
Equity Securities	11.2	13.2
	$ 18.0	$ 20.1
Held-to-Maturity		
Debt Instruments:		
Due in one year or less	$ .7	$ .7
Due after one year through three years	11.7	12.6
	12.4	13.3
Redeemable Equity Securities	25.0	25.0
	$ 37.4	$ 38.3

Expected maturities may differ from contractual maturities because the issuers of certain securities have the right to prepay obligations.

On July 13, 1993, the Company received 2.3 million shares of LTV Common Stock and other consideration in satisfaction of the Company's bankruptcy settlement. The Company then distributed to its shareholders 1.5 million shares of the LTV stock plus a special cash dividend of $1.00 per share of the Company's common stock. The Company intends to retain the remaining .8 million shares, $13.2 million fair value at December 31, 1993, as an investment.

In October, 1991, the Company invested $25.0 million in a special nonmarketable issue of redeemable preferred stock of Weirton Steel Corporation ("Weirton"). The terms of the preferred stock include a 12-1/2% cumulative cash dividend, mandatory redemption at par value of $25 million in 2003, certain rights to convert into new equity security issues, and various protective features. Weirton has the right to call the preferred stock, at par plus full cumulative dividends, at any time. The estimated discounted cash flow value of Weirton preferred stock approximates its carrying value at December 31, 1993.

NOTE D - RESERVE FOR CAPACITY RATIONALIZATION

The Company initially established a reserve of $70 million in 1983 to provide for expected costs of reorienting its mining joint ventures and facilities to adjust to market conditions. During 1990, the Company increased the reserve by $24.7 million as a result of restructuring Savage River Mines. During 1993 and 1992, $5.6 million and $5.7 million, respectively, were charged and in 1991, $1.3 million was credited to the reserve. The balance at December 31, 1993 was $30.5 million, with $7.1 million classified as a reduction of other current assets.

The reserve balance is principally for the eventual shutdown of Savage River Mines, currently scheduled for early 1997, and the holding cost and eventual permanent shutdown of the Republic Mine. The year of Republic Mine permanent shutdown has not been determined. The Republic Mine is being considered as a potential site for a direct reduced iron project. The Savage River Mines shutdown provision has been funded.

NOTE E - LONG-TERM OBLIGATIONS

	(In Millions) December 31	
	1993	1992
Term notes	$75.0	$ 75.0
Other	--	.1
Total	75.0	75.1
Less current portion	--	.1
	$75.0	$ 75.0

On May 21, 1992, the Company completed a $75.0 million, medium-term, unsecured senior note agreement with an insurance company group. One-third of the notes have an interest rate of 8.5 percent, and two-thirds have an interest rate of 8.8 percent. The notes require annual repayments of principal beginning in 1995 and 1996, respectively, with final maturities in 1999 and 2002, respectively.

The senior unsecured note agreement requires the Company to maintain a consolidated adjusted net worth of not less than $200.9 million for 1993 (excluding the effects of adoption of FAS 106), with such amount to increase by a percent of net income over time, an interest expense cash coverage ratio of 2.5 to 1, and a leverage ratio of consolidated funded debt to consolidated total capitalization of .6 to 1. The Company was in compliance with these covenants at December 31, 1993.

On April 30, 1992, the Company entered into a $75.0 million three-year revolving credit agreement. No borrowings are outstanding under the revolving credit facility. The Company may convert amounts outstanding at the end of three years to a three-year term loan. The new revolving credit agreement contains interest rate alternatives including LIBOR plus 1/2 percent, certificate of deposit rates plus 5/8 percent, and prime, and various financial covenants and restrictions. The credit agreement requires the Company to maintain at December 31, 1993 a consolidated tangible net worth of not less than $257.4 million (excluding the effect of adoption of FAS 106), with such amount to increase over time by a percent of net income, and a leverage ratio of total debt to total debt plus consolidated tangible net worth not to exceed .45 to 1. The Company was in compliance with these covenants at December 31, 1993.

Aggregate maturities of long-term obligations in the five years succeeding December 31, 1993 are $5.0 million for 1995 and $12.1 million for 1996 through 1998.

The fair value of the Company's long-term debt (which had a carrying value of $75.0 million) at December 31, 1993, was estimated at $81.3 million based on a discounted cash flow analysis and estimates of current borrowing rates.

NOTE F - RETIREMENT BENEFITS

The Company and its associated companies sponsor defined benefit plans covering substantially all employees. The plans are noncontributory and benefits generally are based on employees' years of service and average earnings for a defined period prior to retirement. Pension costs are funded to the extent necessary to meet Federal requirements.

Pension costs, including the Company's proportionate share of the costs of associated companies, were credits of $2.7 million, $2.1 million, and $3.7 million, in 1993, 1992, and 1991, respectively. The credits included $3.2 million, $3.0 million, and $2.8 million in 1993, 1992, and 1991, respectively, related to an idled operation which increased the Capacity Rationalization Reserve and were not credited to income. Components of the credits are as follows:

	(In Millions)		
	1993	1992	1991
Service cost-benefits earned during the period	$ 3.0	$ 3.1	$ 3.0
Interest cost on projected benefit obligation	13.4	13.1	13.3
Actual return on plan assets	(27.7)	(10.9)	(35.8)
Net amortization and deferral	8.6	(7.4)	15.8
	$(2.7)	$(2.1)	$(3.7)

Most of the Company's pension funds are held in diversified collective trusts with the funds contributed by the other partners of the mining ventures. Plan assets principally include diversified marketable equity securities and corporate and government debt securities, which are selected by professional asset managers. The following table presents a reconciliation of the funded status of the Company's plans, including its proportionate share of the plans of associated companies, at December 31, 1993 and 1992.

	(In Millions)	
	1993	1992
Plan assets at fair value	$ 239.6	$ 221.4
Actuarial present value of benefit obligation:		
Vested benefits	168.8	146.2
Nonvested benefits	24.3	16.7
Accumulated benefit obligation	193.1	162.9
Effect of projected compensation levels	21.8	24.7
Projected benefit obligation	214.9	187.6
Plan assets in excess of projected benefit obligation	24.7	33.8
Unrecognized prior service costs	10.2	3.7
Unrecognized net asset at date of adoption of FAS 87, net of amortization	(36.7)	(40.1)
Unrecognized net loss	22.2	19.9
Prepaid cost	$ 20.4	$ 17.3

The weighted average discount rate and rate of increase in compensation levels used in determining the actuarial present value of the projected benefit obligation were 7.25% and 4.0% at December 31, 1993 (8.0% and 4.4% at December 31, 1992), respectively. The expected long-term rate of return on plan assets was 8.0% in 1993 (9.0% in 1992 and 1991).

In the event of plan termination, the sponsors could be required to fund shutdown and early retirement obligations which are not included in the accumulated benefit obligation.

In addition to the Company's defined benefit pension plans, the Company and its managed associated companies currently provide retirement health care and life insurance benefits to full-time employees who have 30 years of service with the Company or who are age 60 with 15 years of service. These benefits are provided through programs administered by insurance companies whose charges are based on the benefits paid during the year. If such benefits are continued, most of the active employees would become eligible for these benefits when they retire. The expense applicable to retired employees, including the Company's proportionate share of associated companies' costs, was $3.2 million in 1991.

In 1992, the Company adopted Financial Accounting Standard 106, "Accounting for Post-retirement Benefits Other than Pensions" (see Note A).

The following table presents a reconciliation of the funded status of the Company's plans, including its proportionate share of the plans of associated companies, at December 31, 1993 and 1992.

	(In Millions)	
	1993	1992
Accumulated postretirement benefit obligation:		
Retirees	$ 55.4	$ 47.3
Fully eligible active plan participants	5.2	3.8
Other active plan participants	21.6	15.9
	82.2	67.0
Plan assets	0	0
Accrued postretirement benefit cost	82.2	67.0
Unamortized prior service cost	0	(.5)
Unamortized gain (loss)	(11.8)	1.2
Accumulated postretirement benefit obligation	$ 70.4	$ 67.7

Net periodic postretirement benefit cost, including the Company's proportionate share of the costs of associated companies, includes the following components:

	(In Millions)	
	1993	1992
Service cost	$ 1.2	$ 1.0
Interest cost	5.7	5.5
Net periodic postretirement benefit cost	$ 6.9	$ 6.5

The incremental increase in 1993 and 1992 postretirement benefit cost was $2.8 million and $2.7 million, respectively. The weighted average annual assumed rate of increase in the per capita cost of covered benefits was 13 percent for 1993, 11% for 1994, decreasing gradually to 5 percent for 1997 and remaining at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported. For example, changing the assumed health care cost trend rate by one percentage point in each year would change the accumulated postretirement benefit obligation, as of December 31, 1993 by $15.7 million, and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for 1993 by $2.1 million. Amounts include the Company's proportionate share of the costs of associated companies. As part of the 1993 labor contracts at Empire, Hibbing, and Tilden Magnetite, Voluntary Employee Benefit Association Trusts ("VEBAs") will be established. Funding of the VEBAs will begin in 1994 and cover a portion of the postretirement benefit obligations of these associated companies. As a participant, the Company's minimum annual contribution is $.7 million per year. The Company's estimated actual contribution will approximate $1.3 million per year based on its share of tons produced.

The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 7.25 percent at December 31, 1993 (8.5 percent at December 31, 1992).

NOTE G - INCOME TAXES

Significant components of the Company's deferred tax assets and liabilities as of December 31, 1993 and 1992 are as follows:

	(In Millions) 1993	1992
Deferred tax assets:		
Post-retirement benefits other than pensions	$21.1	$22.5
Other liabilities	10.6	5.2
Deferred development	7.1	3.7
Reserve for capacity rationalization	6.9	9.9
Product inventories	4.0	7.0
Accounts receivable	3.9	3.1
Current liabilities	3.7	3.3
Plant and equipment	1.5	4.3
All other	2.1	5.2
Total deferred tax assets	60.9	64.2
Deferred tax liabilities:		
Investment in associated companies	28.9	34.0
All other	11.4	6.7
Total deferred tax liabilities	40.3	40.7
Net deferred tax assets	$20.6	$23.5

COMPONENTS OF PROVISION FOR INCOME TAXES FROM CONTINUING OPERATIONS ARE AS FOLLOWS:

	(In Millions) 1993	1992	1991
Current	$19.0	$12.4	$37.8
Deferred	2.1	(1.8)	(21.5)
	$21.1	$10.6	$16.3

COMPONENTS OF DEFERRED TAX PROVISION FOR YEAR ENDED DECEMBER 31, 1991 ARE AS FOLLOWS:

	(In Millions) 1991
Recovery from bankruptcy claims	$(24.2)
Deferred foreign development costs	(3.8)
Effect of associated companies	(2.7)
Effect of alternative minimum tax credit carryforwards	4.0
Depreciation	1.4
Pensions	(.1)
Investment tax credit carryovers recognized	3.1
Inventory reserves	(1.3)
Other items - net	2.1
	$(21.5)

RECONCILIATION OF EFFECTIVE INCOME TAX RATE AND UNITED STATES FEDERAL STATUTORY RATE IS AS FOLLOWS:

	(In Millions)		
	1993	1992	1991
Statutory tax rate	35.0%	34.0%	34.0%
Increase (decrease) due to:			
Percentage depletion in excess of cost depletion	(4.5)	(10.9)	(5.7)
Effect of foreign taxes	--	.2	(.9)
Prior years' tax adjustment	(2.9)	2.2	(.1)
Corporate dividends received	(1.0)	(1.8)	(.3)
Investment Credit Employee Stock Ownership Plan contribution	--	--	(2.1)
Other items - net	1.2	1.9	(1.6)
Effective tax rate	27.8%	25.6%	23.3%

In 1991, the Company recorded $2.3 million as a reduction in Federal income tax and charged administrative, selling, and general expenses as compensation expense for investment tax credit benefits realized pursuant to the Company's Investment Credit Employee Stock Ownership Plan. No tax reduction or corresponding investment tax credit benefits were realized in 1993 or 1992.

NOTE H - BANKRUPTCY SETTLEMENTS

On January 8, 1991, the Company declared a $46.9 million ($4.00 per share) special dividend paid on February 15, 1991, principally representing recoveries and anticipated recoveries from Wheeling and Sharon Steel Corporation following their emergence from bankruptcy in 1990.

Following a 1986 filing, LTV emerged from bankruptcy in June, 1993. In final settlement of its allowed claim, the Company received 2.3 million shares of LTV Common Stock and 4.4 million Contingent Value Rights, valued at $31.6 million and $4.1 million, respectively, resulting in a total gain in 1993 of $35.7 million ($23.2 million after-tax, or $1.93 per share).

On July 13, 1993, the Company distributed to its common stockholders, a special dividend of 1.5 million shares of LTV Common Stock, valued at $20.4 million, and $12.0 million ($1.00 per share) cash. The Company currently intends to retain the remaining .8 million shares of LTV stock as an investment.

NOTE I - SALE OF ASSETS

In 1991, the Company sold its forest lands and associated assets in the Upper Peninsula of Michigan, resulting in an after-tax gain of $14.4 million or $1.22 per share.

The Company completed its exit from the coal business with the sale of Turner Elkhorn Mining Company in early 1993 resulting in an after-tax loss of $.4 million.

NOTE J - STOCK PLANS

The 1987 Incentive Equity Plan authorizes the Company to make grants and awards of stock options, stock appreciation rights and restricted or deferred stock awards to officers and key employees, for up to 750,000 Common Shares (plus an additional 89,045 Common Shares reserved for issuance, but not issued, under the Company's 1979 Restricted Stock Plan). The 1992 Incentive Equity Plan authorizes the Company to issue up to 595,000 Common Shares upon the exercise of Options Rights, as Restricted Shares, in payment of Performance Shares or Performance Units that have been earned, as Deferred Shares, or in payment of dividend equivalents paid with respect to awards made under the Plan. Such shares may be shares of original issuance or treasury shares or a combination of both. Stock options may be granted at a price not less than the fair market value of the stock on the date the option is granted and must be exercisable not later than ten years and one day after the date of grant. Stock appreciation rights may be granted either at or after the time of grant of a stock option. Common shares may be awarded or sold to certain employees with restrictions as to disposition over specified periods. The market value of the awards, as determined on the date of award, is charged to expense when the restrictions on the common shares are removed. Option prices were adjusted in 1991 and 1993 to recognize the effect of special dividends.

Stock option and restricted award transactions are summarized as follows:

	1993		1992		1991	
Stock options:	Shares	Price	Shares	Price	Shares	Price
Options outstanding beginning of year	160,650	$6.68-37.50	229,433	$6.68-28.13	422,783	$ 6.68-28.13
Granted	5,000	32.56	5,000	37.50	-0-	--
Exercised	(60,525)	6.68-26.31	(66,783)	6.68-26.31	(191,683)	6.68-26.31
Cancelled	-0-	--	(7,000)	21.77	(1,667)	21.77-26.19
Options outstanding at end of year	105,125	8.51-34.80	160,650	6.68-37.50	229,433	6.68-28.13
Options exercisable at end of year	105,125	8.51-34.80	114,275	6.68-37.50	125,183	6.68-28.13
Restricted awards:						
Awarded and restricted at beginning of year	10,990		20,083		21,977	
Awarded during the year	15,277		500		12,059	
Cancelled	-0-		-0-		334	
Awarded and restricted at end of year	20,218		10,990		20,083	
Reserved for future grants or awards at end of year	576,224		596,501		-0-	

NOTE K - SHAREHOLDERS' EQUITY

As of December 31, 1993, the Company is authorized to issue up to 500,000 shares of Class A voting preferred stock, without par value, and up to 4,000,000 shares of Class B non-voting preferred stock, without par value.

A share purchase right ("Right") is attached to each of the Company's Common Shares outstanding as of December 31, 1993, or subsequently issued. Each Right entitles the holder to buy from the Company one one-hundredth of one Common Share at an exercise price per whole share of $42.50. The Rights become exercisable if a person or group acquires, or tenders for, 20% or more of the Company's Common Shares. The Company is entitled to redeem the Rights at 5 cents per Right at any time until ten days after any person or group has acquired 20% of the Common Shares and in certain circumstances thereafter. If a party owning 20% or more of the Company's Common Shares merges with the Company or engages in certain other transactions with the Company, each Right, other than Rights held by the acquiring party, entitles the holder to buy $85.00 worth of the shares of the surviving company at a 50% discount. The Rights expire on September 18, 1997 and are not exercisable until the occurrence of certain triggering events, which include the acquisition of, or a tender or exchange offer for, 15% or more of the Company's Common Shares. There are 168,279 Common Shares reserved for these Rights.

NOTE L - LITIGATION

The Company and its associated companies are periodically involved in litigation incidental to their operations. Management believes that any pending litigation will not result in a material liability in relation to the Company's consolidated financial statements.

QUARTERLY RESULTS OF OPERATIONS-(Unaudited)

Exhibit 13(h)

(In Millions Except Per Share Amounts)

	1993				
	Quarters				
	First	Second	Third	Fourth	Year
Total Revenues	$43.3	$121.7	$87.6	$103.3	$355.9
Gross Profit	3.4	19.2	12.3	20.1	55.0
Net Income (Loss)					
Amount	(.1)	33.5	7.2	14.0	54.6
Per Common Share	(.01)	2.79	.60	1.17	4.55

Second quarter results included income of $34.8 million pre-tax ($23.0 million after tax) from the bankruptcy recovery; third quarter results included the effect of the six-week strike, $6.9 million pre-tax ($5.4 million after tax); and fourth quarter results included a $1.3 million tax credit representing a prior year adjustment.

	1992				
	Quarters				
	First	Second	Third	Fourth	Year
Total Revenues	$53.4	$ 93.7	$107.7	$72.2	$327.0
Gross Profit	9.5	24.3	20.9	14.9	69.6
Net Income (Loss)					
Amount	(33.6)	11.7	14.5	(.5)	(7.9)
Per Common Share	(2.80)	.98	1.21	(.05)	(.66)

First quarter results included a $38.7 million, or $3.23 per share, after-tax charge for the cumulative effect of accounting changes; second quarter results included a $5.0 million pre-tax ($3.7 million after tax) provision for doubtful accounts receivable; third quarter results included $2.3 million after-tax income from unusual transactions; and fourth quarter results included a $12.5 million pre-tax ($9.3 million after tax) additional provision for doubtful accounts receivable and a $1.1 million tax credit due to a prior year tax adjustment.

COMMON SHARE PRICE PERFORMANCE AND DIVIDENDS

	Price Performance				Dividends	
	1993		1992			
	High	Low	High	Low	1993	1992
First Quarter	$36-7/8	$32-1/2	$40-3/8	$35-7/8	$ .30	$ .275
Second Quarter	34-7/8	31-1/2	39-1/4	33	.30	.30
Third Quarter	35-5/8	28-3/4	34-3/4	29-1/2	3.00*	.30
Fourth Quarter	37-1/2	31	38-1/2	32-3/8	.30	.30
Year	37-1/2	28-3/4	40-3/8	29-1/2	$3.90	$1.175

*Includes a $2.70 per share special dividend.

INVESTOR AND CORPORATE INFORMATION Exhibit 13(i)

STOCK EXCHANGE INFORMATION

The principal market for Cleveland-Cliffs Inc common shares (ticker symbol CLF) is the New York Stock Exchange. The common shares are also listed on the Chicago Stock Exchange.

	1993	1992	1991	1990
FINANCIAL				
(In Millions Except Per Share Amounts)				
For The Year				
Net Income (Loss):				
Continuing Operations (a)	$ 54.6	$ (7.9)	$ 53.8	$ 73.8
Discontinued Operations	-	-	-	-
Total	54.6	(7.9)	53.8	73.8
Net Income (Loss) Per Common Share:				
Continuing Operations (a)	4.55	(.66)	4.55	6.31
Discontinued Operations	-	-	-	-
Total	4.55	(.66)	4.55	6.31
Cash Flow (Deficit) From Continuing Operations	(22.8)	26.3	92.1	22.6
Revenues From Continuing Operations	355.9	327.0	363.3	400.2
Cash Dividends:				
Per Common Share	2.20	1.18	5.03	.80
Per Preferred Share	-	-	-	-
Non-Cash Dividends:				
Per Common Share	1.70 (b)	-	-	-
Capital Expenditures (c)	5.0	5.2	7.3	11.2
At Year-End				
Working Capital	186.0	188.9	139.7	169.8
Total Assets	545.4	537.2	478.7	510.9
Long-Term Debt:				
Consolidated	75.0	75.1	41.2	53.0
Effectively Serviced (c)	88.6	92.1	65.0	82.4
Shareholders' Equity	280.7	269.6	290.8	290.8
Book Value Per Common Share	23.27	22.47	24.40	24.88

(a) Results have been affected by non-recurring items including net bankruptcy recoveries of $23.2 million and $47.1 million in 1993 and 1990, respectively, and a $38.7 million after-tax charge for accounting changes in 1992. See Management's Discussion and Analysis.
(b) Non-cash distribution of 1.5 million shares ($20.4 million) of LTV Corporation common stock.
(c) Includes the Company's share of associated companies.

	1993	1992	1991	1990
OPERATIONS				
Iron Ore Production From Mines Managed by Cliffs				
(Millions of Gross Tons)				
United States	27.8	28.4	27.6	25.5
Canada	4.5	4.5	4.5	6.2
Australia	1.5	1.5	1.3	2.2
Total	33.8	34.4	33.4	33.9
OTHER INFORMATION				
Common Shares Outstanding (Millions):				
Average For Year	12.0	12.0	11.8	11.7
At Year-End	12.1	12.0	11.9	11.7
Common Shares Sales Price Range:				
High	$ 37 1/2	$ 40 3/8	$ 36 1/2	$ 35
Low	28 3/4	29 1/2	25	19 5/8
Employees At Year-End (d)	5,973	6,388	6,500	6,695

(d) Includes employees of managed mining ventures.

At December 31, 1993, the Company had 3,722 record holders of its common shares.

	1989	1988	1987	1986	1985	1984	1983
	$ 62.5	$ 42.6	$ 30.2	$ (19.0)	$ 28.3	$ 24.8	$ 4.8
	(1.9)	(3.4)	(17.5)	(22.7)	(11.1)	(0.7)	.1
	60.6	39.2	12.7	(41.7)	17.2	24.1	4.9
	5.37	3.12	1.88	(1.94)	2.13	2.00	.39
	(.17)	(.26)	(1.31)	(1.82)	(.90)	(.06)	-
	5.20	2.86	.57	(3.76)	1.23	1.94	.39
	79.8	56.1	21.1	9.1	39.7	39.3	25.7
	372.4	317.5	412.0	241.0	267.9	321.3	259.8
	.40	-	-	.35	1.00	1.00	1.00
	-	2.00	2.00	2.00	.68	-	-
	-	.79	-	-	-	-	-
	14.6	8.4	2.0	3.4	4.4	10.5	4.2
	104.7	45.0	220.3	110.0	114.0	77.3	72.0
	415.2	390.6	665.6	527.2	511.7	481.5	500.7
	71.3	119.6	153.5	80.5	35.4	50.0	62.4
	93.4	145.7	183.5	305.3	200.9	234.9	297.4
	226.0	168.6	395.4	325.5	363.9	316.7	307.1
	19.36	14.53	21.02	22.16	25.24	25.52	24.77
	31.0	31.1	27.1	10.6	12.5	12.9	9.3
	8.3	7.9	7.2	2.0	2.1	2.1	1.6
	2.3	2.4	2.0	-	14.7	15.3	13.1
	41.6	41.4	36.3	12.6	29.3	30.3	24.0
	11.6	13.2	13.4	12.4	12.4	12.4	12.4
	11.7	11.6	16.4	12.4	12.4	12.4	12.4
	$ 34	$ 28	$ 21 3/8	$ 19 3/8	$ 22 1/4	$ 26	$ 25 1/4
	25 3/4	14 1/4	9 1/4	6	16 5/8	17	18 1/8
	7,522	7,638	8,328	8,972	6,387	7,248	7,203

Subsidiaries of Cleveland-Cliffs Inc

Name of Subsidiary	Jurisdiction of Incorporation or Organization
Cleveland-Cliffs Company (1)	Ohio
Cleveland-Cliffs Ore Corporation (1), (2), (3)	Ohio
Cliffs Biwabik Ore Corporation (2)	Minnesota
Cliffs Copper Corp.	Ohio
Cliffs Empire, Inc. (1), (4)	Michigan
Cliffs Engineering, Inc. (1)	Colorado
Cliffs Forest Products Company (1)	Michigan
Cliffs Fuel Service Company (1)	Michigan
Cliffs IH Empire, Inc. (1)	Michigan
Cliffs Marquette, Inc. (1), (3)	Michigan
Cliffs MC Empire, Inc. (1), (4)	Michigan
Cliffs Mining Company	Delaware
Cliffs Mining Services Company	Delaware
Cliffs Oil Shale Corp. (1)	Colorado
Cliffs of Canada Limited (1)	Ontario, Canada
Cliffs Reduced Iron Corporation	Delaware
Cliffs Resources, Inc. (5)	Delaware
Cliffs Synfuel Corp. (1)	Utah
Cliffs Tilden, Inc. (1), (2)	Michigan
Cliffs TIOP, Inc. (1), (6), (7)	Michigan
Empire-Cliffs Partnership (4)	Michigan
Empire Iron Mining Partnership (8)	Michigan
Escanaba Properties Company (1), (9)	Michigan
Escanaba Properties Partnership (9)	Michigan
FCDC Coal, Inc. (10)	Delaware
Hibbing Taconite Company, a joint venture (11)	Minnesota
J&L-Cliffs Ore Partnership (2), (12)	Ohio
Kentucky Coal Company	Delaware
Lake Superior & Ishpeming Railroad Company (5)	Michigan
Lasco Development Company (5)	Michigan
Marquette Iron Mining Partnership (3)	Michigan
Mattagami Mining Co. Limited (13)	Ontario, Canada
Mesabi Radio Corporation (13)	Minnesota
Minerais Midway Ltee-Midway Ore Company Ltd. (13)	Quebec, Canada
Mines Hilton Ltee-Hilton Mines, Ltd. (13)	Quebec, Canada
Northwest Iron Co. Ltd. (14)	Delaware
Peninsula Land Corporation (13)	Michigan

See footnote explanation on pages 67-68.

Name of Subsidiary	Jurisdiction of Incorporation or Organization
Pickands Erie Corporation (13)	Minnesota
Pickands Hibbing Corporation (13)	Minnesota
Pickands Mather & Co. International	Delaware
Pickands Mather Services Inc. (13)	Delaware
Pickands Radio Co. Ltd. (13)	Quebec, Canada
Robert Coal Company (15)	Delaware
Seignelay Resources, Inc. (13)	Delaware
Syracuse Mining Company (13)	Minnesota
Tetapaga Mining Company Limited (1)	Ohio
Tilden Iron Ore Partnership (6), (12)	Michigan
Tilden Magnetite Partnership (7)	Michigan
Tilden Mining Company, a joint venture (2), (6), (12)	Michigan
The Cleveland-Cliffs Iron Company	Ohio
The Cleveland-Cliffs Steamship Company (1)	Delaware
The Mesaba-Cliffs Mining Company (16)	Minnesota
Turner Elkhorn Mining Company (10)	Delaware
Virginia Eastern Shore Land Co. (1)	Delaware

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(1) The named subsidiary is a wholly-owned subsidiary of The Cleveland-Cliffs Iron Company, which in turn is a wholly-owned subsidiary of Cleveland-Cliffs Inc.

(2) J&L-Cliffs Ore Partnership is an Ohio partnership and a 36% associate in the Tilden Mining Company, a joint venture. Cleveland-Cliffs Ore Corporation and Cliffs Tilden, Inc., wholly-owned subsidiaries of The Cleveland-Cliffs Iron Company, have a combined 100% interest in the J&L-Cliffs Ore Partnership. Cleveland-Cliffs Ore Corporation also owns 100% of Cliffs Biwabik Ore Corporation.

(3) Marquette Iron Mining Partnership is a Michigan partnership. Cleveland-Cliffs Ore Corporation and Cliffs Marquette, Inc., wholly-owned subsidiaries of The Cleveland-Cliffs Iron Company, have a combined 100% interest in Marquette Iron Mining Partnership.

(4) Empire-Cliffs Partnership is a Michigan partnership. Cliffs MC Empire, Inc. and Cliffs Empire, Inc., wholly-owned subsidiaries of The Cleveland-Cliffs Iron Company, have a combined 100% interest in Empire-Cliffs Partnership.

(5) Cliffs Resources, Inc. owns a 99.2% interest in Lake Superior & Ishpeming Railroad Company. Lasco Development Company is a wholly-owned subsidiary of Lake Superior & Ishpeming Railroad Company.

(6) Tilden Iron Ore Partnership is a Michigan partnership and a 64% associate in the Tilden Mining Company, a joint venture. Cliffs TIOP, Inc., a wholly-owned subsidiary of The Cleveland-Cliffs Iron Company, has a 37.5% interest in the Tilden Iron Ore Partnership.

(7) Tilden Magnetite Partnership is a Michigan partnership. Cliffs TIOP, Inc., a wholly-owned subsidiary of The Cleveland-Cliffs Iron Company, has a 33.333% interest in the Tilden Magnetite Partnership.

(8) Empire Iron Mining Partnership is a Michigan partnership. The Cleveland-Cliffs Iron Company has a 22.56% indirect interest in the Empire Iron Mining Partnership.

(9) Escanaba Properties Partnership is a Michigan partnership. Escanaba Properties Company, a wholly-owned subsidiary of The Cleveland-Cliffs Iron Company, has a 87.5% interest in the Escanaba Properties Partnership.

(10) Cliffs Mining Company, a wholly-owned subsidiary of Cleveland-Cliffs Inc, owned a 100% interest in Turner Elkhorn Mining Company, which in turn owned a 100% interest in FCDC Coal, Inc. Both Turner Elkhorn Mining Company and FCDC Coal, Inc. were sold on February 26, 1993.

(11) Cliffs Mining Company has a 10% and Pickands Hibbing Corporation has a 5% interest in Hibbing Taconite Company, a joint venture.

(12) Tilden Mining Company is a joint venture in which Tilden Iron Ore Partnership is a 64% associate and J&L-Cliffs Ore Partnership is a 36% associate.

(13) The named subsidiary is a wholly-owned subsidiary of Cliffs Mining Company, which in turn is a wholly-owned subsidiary of Cleveland-Cliffs Inc.

(14) Cliffs Mining Company owns a 72.4% interest in Northwest Iron Co. Ltd.

(15) The named subsidiary is a wholly-owned subsidiary of Kentucky Coal Company, which in turn is a wholly-owned subsidiary of Cleveland-Cliffs Inc.

(16) The Cleveland-Cliffs Iron Company owns a 86.4% interest in The Mesabi-Cliffs Mining Company.

Exhibit 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in Post-Effective Amendment Number 1 to the Registration Statement (Form S-8 No. 33-4555) pertaining to the Restricted Stock Plan of Cleveland-Cliffs Inc, in the Registration Statement (Form S-8 No. 33-208033) pertaining to the 1987 Incentive Equity Plan of Cleveland-Cliffs Inc and in the Registration Statement (Form S-8 No. 33-48357) pertaining to the 1992 Incentive Equity Plan and the related prospectuses of our report dated February 14, 1994, with respect to the consolidated financial statements and schedules of Cleveland-Cliffs Inc and consolidated subsidiaries included in this Annual Report (Form 10-K) for the year ended December 31, 1993.

Ernst & Young

Cleveland, Ohio

March 28, 1994

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned Directors and officers of Cleveland-Cliffs Inc, an Ohio corporation ("Company"), hereby constitute and appoint M. Thomas Moore, John S. Brinzo, Frank L. Hartman, and John E. Lenhard and each of them, their true and lawful attorney or attorneys-in-fact, with full power of substitution and revocation, for them and in their name, place and stead, to sign on their behalf as a Director or officer of the Company, or both, as the case may be, an Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 on Form 10-K for the fiscal year ended December 31, 1993, and to sign any and all amendments to such Annual Report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney or attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as they might or could do in person, hereby ratifying and confirming all that said attorney or attorneys-in-fact or any of them or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Executed as of the 8th day of March, 1994.

/s/M. T. Moore
M. T. Moore
Chairman, President, Chief Executive Officer and Director
(Principal Executive Officer)

/s/R. S. Colman
R. S. Colman, Director

/s/E. M. de Windt
E. M. de Windt, Director

/s/J. D. Ireland III
J. D. Ireland III, Director

/s/G. F. Joklik
G. F. Joklik, Director

/s/L. L. Kanuk
L. L. Kanuk, Director

/s/G. H. Lamphere
G. H. Lamphere, Director

/s/S. B. Oresman
S. B. Oresman, Director

/s/A. Schwartz
A. Schwartz, Director

/s/S. K. Scovil
S. K. Scovil, Director

/s/J. H. Wade
J. H. Wade, Director

/s/A. W. Whitehouse
A. W. Whitehouse, Director

/s/J. S. Brinzo
J. S. Brinzo
Senior Executive-Finance
(Principal Financial Oficer)

/s/J. A. Trethewey
J. A. Trethewey
Vice President and Controller
(Principal Accounting Officer)

CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES
Schedule I - Marketable Securities
(Dollars in Millions)

Name of issuer and title of each issue	Principal amount of bonds	Cost of each issue	Market Value of each issue at balance sheet date	Amount at which carried in the balance sheet
DECEMBER 31, 1993:				
U.S. Government	$ 39.0	$ 39.3	$ 39.3	$ 39.3
Ohio state obligations	5.0	5.0	5.1	5.1
Other state obligations	7.5	7.7	7.7	7.7
Salem, Ohio hospital revenue bonds	2.8	2.8	2.8	2.8
Other municipal obligations	9.0	9.2	9.2	9.2
Corporate bonds	10.1	10.1	10.1	10.1
Short-term investment funds	7.3	7.3	7.3	7.3
Repurchase agreements	6.6	6.6	6.6	6.6
Commercial paper	5.0	5.0	5.0	5.0
Total	$ 92.3	$ 93.0	$ 93.1	$ 93.1

Exhibit 99(b)

CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES
Schedule VIII - Valuation and Qualifying Accounts
(Dollars in Millions)

		Additions			
Classification	Balance at Beginning Of Year	Charged to Cost and Expenses	Charged to Other Accounts	Deductions	Balance at End Of Year
Year Ended December 31, 1993:					
Reserve for Capacity Rationalization	$ 36.1	$ --	$ 1.3	$ 6.9	$ 30.5
Allowance for Doubtful Accounts	20.8	--	--	1.3	19.5
Other	8.3	--	5.4	--	13.7
Year Ended December 31, 1992:					
Reserve for Capacity Rationalization	$ 35.6	$ --	$ 4.9	$ 4.4	$ 36.1
Allowance for Doubtful Accounts	3.1	17.5	0.2	--	20.8
Other	12.0	3.5	--	7.2	8.3
Year Ended December 31, 1991:					
Reserve for Capacity Rationalization	$ 37.1	$ --	$ 1.5	$ 3.0	$ 35.6
Allowance for Doubtful Accounts	1.3	1.3	0.5	--	3.1
Other	3.7	11.0	--	2.7	12.0

Additions charged to other accounts in 1993, 1992 and 1991 were charged to revenues.

Deductions to the reserve for capacity rationalization represent charges associated with idle expense in 1993, 1992 and 1991.

Exhibit 99(c)

CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES
Schedule X - Supplementary Income Statement Information
(Dollars in Millions)

	Charged to Costs and Expenses Year Ended December 31: 1993	1992	1991
Maintenance and repairs	$ 17.7	$ 18.8	$ 18.8
Taxes, other than payroll and income taxes			$ 4.4
Royalties	$ 9.2	$ 7.3	$ 7.5

Amounts for taxes, other than payroll and income taxes (1993 and 1992), depreciation and amortization of intangible assets, preoperating costs and similar deferrals and advertising costs are not presented because such amounts are each less than 1% of total sales and revenues.

Exhibit 99(d)

REPORT OF INDEPENDENT AUDITORS

The Associates
Tilden Mining Company

We have audited the accompanying statement of financial position of Tilden Mining Company (a joint venture) as of December 31, 1993 and 1992, and the related statements of costs and expenses charged to associates, associates' account, and cash flows for each of the three years in the period ended December 31, 1993. Our audits also included the financial statement schedules listed in the index at Item 14(a). These financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tilden Mining Company (a joint venture) at December 31, 1993 and 1992, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1993, in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

Ernst & Young

Cleveland, Ohio
February 14, 1994

STATEMENT OF FINANCIAL POSITION

TILDEN MINING COMPANY (A JOINT VENTURE)

	December 31 1993	1992
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 116,325	$ 15,574
Receivable from associates:		
Tilden Magnetite Partnership	-0-	296,500
Advance adjustment - Note A	-0-	-0-
	-0-	296,500
Inventories - Note A:		
Iron ore concentrates	2,950,425	3,528,022
Supplies	1,232,118	568,098
Fluxstone	454,063	619,805
	4,636,606	4,715,925
TOTAL CURRENT ASSETS	4,752,931	5,027,999
PROPERTIES - Note A:		
Land	2,844,737	2,844,737
Plant and equipment	549,459,673	551,271,698
Allowance for depreciation	(282,243,073)	(270,486,869)
TOTAL PROPERTIES	270,061,337	283,629,566
OTHER ASSETS		
Advance adjustment - Specific tax	1,420,877	1,562,216
TOTAL OTHER ASSETS	1,420,877	1,562,216
TOTAL ASSETS	$276,235,145	$290,219,781

	December 31 1993	1992
LIABILITIES AND ASSOCIATES' ACCOUNT		
CURRENT LIABILITIES		
The Cleveland-Cliffs Iron Company:		
Royalties payable	$ 2,802,542	$ 447,395
Accounts payable	68,944	14,372
	2,871,486	461,767
Payables to associates:		
Tilden Magnetite Partnership	2,777	-0-
Working Capital Adjustment - Note A	834,236	3,981,506
Trade accounts payable	241,531	267,126
State and local taxes	1,444,352	1,065,955
Other current liabilities	13,900	15,600
TOTAL CURRENT LIABILITIES	5,408,282	5,791,954
LONG-TERM OBLIGATIONS		
Specific tax	765,526	798,261
TOTAL LONG-TERM OBLIGATIONS	765,526	798,261
ASSOCIATES' ACCOUNT	270,061,337	283,629,566
COMMITMENTS - Note D		
TOTAL LIABILITIES AND ASSOCIATES' ACCOUNT	$276,235,145	$290,219,781

See notes to financial statements.

STATEMENT OF COSTS AND EXPENSES CHARGED TO ASSOCIATES

TILDEN MINING COMPANY (A JOINT VENTURE)

	Year Ended December 31 1993	1992	1991
COSTS AND EXPENSES CHARGED TO ASSOCIATES - Note C			
Cost of producing pellets and other operating costs	$ 77,110,203	$ 51,406,680	$ 20,890,382
Depreciation	13,547,941	13,699,766	14,185,955
Charges from The Cleveland-Cliffs Iron Company:			
Royalty	8,410,456	5,659,592	2,463,448
Management fee	1,517,664	953,660	388,266
	9,928,120	6,613,252	2,851,714
Development and stripping	7,162,173	3,786,290	1,847,234
State and local taxes	1,918,963	1,391,537	820,879
Research	660,146	264,963	111,346
Miscellaneous (income) expense-net	(99,459)	15,032	(417,265)
TOTAL COSTS AND EXPENSES CHARGED TO ASSOCIATES	$ 110,228,087	$ 77,177,520	$ 40,290,245

See notes to financial statements.

STATEMENT OF ASSOCIATES' ACCOUNT

TILDEN MINING COMPANY (A JOINT VENTURE)

	Year Ended December 31		
	1993	1992	1991
Balance as of January 1	$ 283,629,566	$ 297,351,518	$ 311,348,338
Associates' contribution:			
Contribution	97,504,006	67,443,629	29,157,532
Advance adjustment - Note A	-0-	-0-	62,383
Working capital adjustment - Note A	(834,236)	(3,981,506)	(2,923,348)
Total Associates' Contribution	96,669,770	63,462,123	26,296,567
Associates' withdrawal:			
Cost and expenses charged to associates	(110,228,087)	(77,177,520)	(40,290,245)
Other	(9,912)	(6,555)	(3,142)
Total Associates' Withdrawal	(110,237,999)	(77,184,075)	(40,293,387)
Balance as of December 31	$ 270,061,337	$ 283,629,566	$ 297,351,518

See notes to financial statements.

STATEMENT OF CASH FLOWS

TILDEN MINING COMPANY (A JOINT VENTURE)

	Year Ended December 31		
	1993	1992	1991
OPERATING ACTIVITIES			
Costs and expenses charged to associates	$(110,228,087)	$(77,177,520)	$ (40,290,245)
Adjustments to reconcile costs and expenses charged to associates to net cash from (used) in operations:			
Depreciation	13,547,942	13,699,766	14,185,955
Other	(32,736)	(125,819)	(111,658)
Loss (gain) on sale of assets	(143,796)	2,395	(371,569)
Changes in operating assets (increase) decrease			
Accounts receivable	-0-	167,777	(167,777)
Receivable from associates	79,319	(223,451)	(10,666)
Inventories	296,501	(1,875,134)	2,986,864
Changes in operating liabilities increase (decrease)			
Payable to The Cleveland-Cliffs Iron Company	2,409,719	448,380	(737,783)
Payable to associates	2,777	(62,099)	(7,709,604)
Payables and accrued expenses	351,103	517,955	(607,881)
Total changes in operating assets and liabilities	3,139,419	(1,026,572)	(6,246,847)
NET CASH USED IN OPERATING ACTIVITIES	(93,717,258)	(64,627,750)	(32,834,364)
INVESTING ACTIVITIES			
Proceeds from sale of equipment	164,083	19,790	638,639
NET CASH PROVIDED BY INVESTING ACTIVITIES	164,083	19,790	638,639
FINANCING ACTIVITIES			
Lease payments	-0-	-0-	(516,485)
Associates' contributions	93,663,838	64,540,468	32,797,092
Other	(9,912)	(6,555)	(3,142)
NET CASH PROVIDED BY FINANCING ACTIVITIES	93,653,926	64,533,913	32,277,465
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	100,751	(74,047)	81,740
Cash and cash equivalents at beginning of year	15,574	89,621	7,881
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 116,325	$ 15,574	$ 89,621

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

TILDEN MINING COMPANY (A JOINT VENTURE)

NOTE A-SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL STATEMENTS: The financial statements have been prepared principally for use by the associates (see Note B) in recording their respective interests in the accounts of the Tilden Mining Company (a joint venture) ("Venture"). Since the Venture does not generate revenue, no provision is made for income taxes as the Venture's costs and expenses charged to the associates are included in the financial statements of each associate based upon defined allocation percentages.

CASH EQUIVALENTS: The Venture considers investments in highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents.

INVENTORIES: Iron ore concentrates are stated at average cost of production, exclusive of depreciation and development. Supplies and fluxstone are stated at the lower of average cost or market.

PROPERTIES AND DEPRECIATION: Property is stated on the basis of cost and is depreciated over the estimated useful life, principally by the straight-line method. Depreciation commences when assets are placed in service.

EXPLORATION, RESEARCH AND DEVELOPMENT COSTS: Exploration, research and continuing mine development costs are charged to operations as incurred.

ADVANCE ADJUSTMENTS: Advance adjustments arise from differences in monthly contributions and actual cost allocations.

WORKING CAPITAL ADJUSTMENT: The Venture agreement as revised by the Tilden Mine Joint Venture Amendatory Agreement ("Amendatory Agreement") dated January 1, 1984, provides for the adjustment of defined working capital to zero at the end of each month through charges or credits to the Associates' Account.

NOTE B-ORGANIZATION

The Tilden Joint Venture was formed in 1971 and began original operation of the Tilden mine facility in 1974. The Tilden Joint Venture Agreement, as amended by the Amendatory Agreement, provides that the associates' investment will be maintained in accordance with their ownership. Ownership percentages at December 31, 1993 and 1992 were as follows:

Tilden Iron Ore Partnership ("TIOP")	64%
J & L - Cliffs Ore Partnership ("JCOP")	36
	100%

NOTE B-ORGANIZATION-Continued

Ownership percentages of TIOP and JCOP as of December 31, 1993 and 1992 were as follows:

TIOP:	
Cannelton Iron Ore Company	46.875%
Cliffs TIOP, Inc.	37.500
Stelco Coal Company	15.625
	100.000%
JCOP:	
Cliffs Tilden, Inc.	62.500%
Cleveland-Cliffs Ore Corporation	37.500
	100.000%

Cliffs TIOP, Inc., Cliffs Tilden, Inc. and Cleveland-Cliffs Ore Corporation are wholly-owned subsidiaries of The Cleveland-Cliffs Iron Company ("Cleveland- Cliffs"). The Cleveland-Cliffs Iron Company is a wholly-owned subsidiary of Cleveland-Cliffs Inc. Cleveland-Cliffs is the manager of the Venture, TIOP and JCOP. Cannelton Iron Ore Company ("Cannelton") is a wholly-owned subsidiary of Algoma Steel Inc. ("Algoma").

Under the terms of the Venture agreement, the associates are responsible with respect to obligations of the Venture only severally in their respective ownership percentages. TIOP separately entered into financing arrangements which are secured by a lien on its share of the Venture's facilities and production therefrom.

In January, 1991, Cannelton defaulted on its obligation to fund its share of the Tilden Mine production costs, and cured its default in February, 1991. During the period of default, Cleveland-Cliffs accelerated its share of funding and production in order to maintain the scheduled production rate. In February, 1991, Algoma sought and obtained protection from creditors under the Canadian Companies' Creditor's Arrangement Act.

In January, 1992, Algoma filed its Plan of Arrangement Under the Companies' Creditor's Arrangement Act (Canada) and the Business Corporation Act (Ontario) in the Ontario Court of Justice, covering its restructuring plan. The Plan was approved by the Court on April 16, 1992 and on June 5, 1992, Algoma emerged from Canadian reorganization proceedings. Cannelton is continuing to fund its share of the Venture's costs which is guaranteed by Algoma.

TILDEN MINING COMPANY (A JOINT VENTURE)

NOTE B-ORGANIZATION-Continued

In February, 1994, Cleveland-Cliffs expects to reach agreement in principle with Algoma and Stelco Inc. ("Stelco") to restructure and simplify the operation of the Tilden Mine effective January 1, 1994. The principal terms of the new agreement are (1) the participants' tonnage entitlement and cost-sharing will be based on a 6.0 million ton target normal production level instead of the previous 4.0 million ton base production level, (2) Cleveland-Cliffs' interest in and responsibility for cost obligations of Tilden Magnetite Partnership ("TMP") increases from 33.33% to 40.0% with corresponding decreases for Algoma (from 50% to 45%) and for Stelco (from 16.67% to 15%), (3) a partner may take additional production with certain fees paid to the Partnership, (4) TMP will pay an increased royalty to Cleveland-Cliffs, and (5) the Venture and TMP will be merged into one entity. The agreement is not expected to have a significant financial effect on the Tilden Mine or the participants. The new Tilden arrangements reflect an underlying plan of operating improvements and will allow a lengthening of the magnetite ore reserve life. Additional capital and development expenditures are expected in connection with the improvement plan.

NOTE C-OPERATIONS

The Amendatory Agreement permits associates to individually nominate production levels different than their respective ownership shares. Each associate is obligated for defined base costs in proportion to ownership shares and incremental costs in proportion to nominated production share. In addition, the Amendatory Agreement provides for annual adjustments between the associates to equalize the charge for incremental costs and to compensate for nomination by an associate of production in excess of ownership share.

Effective January 1, 1988, the associates of the Venture entered into various agreements with TMP, a partnership formed by the partners in the Venture. Under these agreements TMP is entitled to the use of certain of the Venture's mining equipment and concentrating and pelletizing facilities and TMP agreed to bear certain defined base costs associated with such equipment and facilities. Also under these agreements, TMP processes hematite ore for the Venture, with the incremental costs of such production as defined in the agreements (including a defined capital cost allowance) being charged to the Venture. Base costs as defined in the agreements are borne by TMP by agreement with the Venture. Cleveland-Cliffs is the manager of TMP.

During 1993 the Venture was charged $96.1 million (1992 - $63.2 million; 1991 - $26.4 million) by TMP for processing hematite ore.

The associates have a lease agreement with Cleveland-Cliffs, owner of the mineral interest in the land on which hematite ore mining activities have been conducted by the Venture, which provides for royalty payments based on iron ore pellets produced. Effective January 1, 1988, the associates of the Venture entered into a sublease agreement with TMP to permit TMP to extract magnetite ore with respect to such mineral interests.

TILDEN MINING COMPANY (A JOINT VENTURE)

NOTE C-OPERATIONS-Continued

The labor contract covering TMP hourly employees expired on August 1, 1993. A six-year, no-strike agreement was reached with the United Steelworkers of America after a six-week strike idled production facilities.

The agreement follows the wage and signing bonus pattern of the earlier settlements by major steel companies, granting higher pension benefits during the six-year term, increasing vacation time and incentive pay, and allowing certain work force productivity gains. On-going employment costs per hour are expected to rise approximately 10 percent by July 31, 1996. At that time, the agreements can be reopened for limited economic and other matters, subject to binding arbitration or conformity to certain steel company contract changes.

NOTE D-COMMITMENTS

The Venture is obligated for the purchase of electric energy requirements of the Venture through the Tilden Mine Power Contract entered into with Wisconsin Electric Power Company ("Wisconsin Electric"). The Tilden Mine Power Contract has a primary term of ten years through 1997.

The associates, TMP and Wisconsin Electric entered into an amendment to the Tilden Mine Power Contract and an Auxiliary Power Purchase Contract. Under these agreements, TMP will bear the entire base, or demand portion of the electric energy charge assessed by Wisconsin Electric; TMP and the Venture will bear the incremental portion of electric energy charges based on electric power supplied for magnetite and hematite ore processing, respectively; and TMP will be able to access certain excess electric energy capacity as required by its operations. The minimum annual payment under the amended Tilden Mine Power Contract to be paid by TMP is $7.6 million for demand charges for the year 1994.

NOTE E-RETIREMENT BENEFITS

In accordance with agreements with TMP, pension, health care and life insurance benefits are obligations of TMP.

NOTE F-PENDING LITIGATION

The Venture is periodically involved in litigation incidental to its operations. Management believes that any pending litigation will not result in a material liability in relation to the Venture's financial statements.

TILDEN MINING COMPANY
Schedule V - Property, Plant and Equipment
(Dollars in Millions)

Classification	Balance At Beginning Of Year	Additions At Cost	Retirements	Other Additions (Deductions)	Balance At End Of Year
Year Ended December 31, 1993:					
Plant and Equipment	$ 551.3	$ --	$ 1.8	$ --	$ 549.5
Land	2.8	--	--	--	2.8
Totals	$ 554.1	$ --	$ 1.8	$ --	$ 552.3
Year Ended December 31, 1992:					
Plant and Equipment	$ 551.5	$ --	$ 0.2	$ --	$ 551.3
Land	2.8	--	--	--	2.8
Totals	$ 554.3	$ --	$ 0.2	$ --	$ 554.1
Year Ended December 31, 1991:					
Plant and Equipment	$ 565.1	$ --	$ 9.5	$ (4.1)	$ 551.5
Land	2.8	--	--	--	2.8
Totals	$ 567.9	$ --	$ 9.5	$ (4.1)	$ 554.3

Schedule VI - Accumulated Depreciation, Depletion and Amortization
of Property, Plant and Equipment
(Dollars in Millions)

Classification	Balance At Beginning Of Year	Additions At Cost	Retirements	Other Additions (Deductions)	Balance At End Of Year
Year Ended December 31, 1993:					
Plant and Equipment	$ 270.5	$ 13.5	$ 1.8	$ --	$ 282.2
Year Ended December 31, 1992:					
Plant and Equipment	$ 256.9	$ 13.7	$ 0.1	$ --	$ 270.5
Year Ended December 31, 1991:					
Plant and Equipment	$ 256.0	$ 14.2	$ 9.1	$ (4.2)	$ 256.9

The annual provision for depreciation has been computed principally using rates ranging from 2% to 33%.

TILDEN MINING COMPANY
Schedule X - Supplementary Income Statement Information
(Dollars in Millions)

	Charged to Costs and Expenses Year Ended December 31:		
	1993	1992	1991
Maintenance and repairs	$ 22.1	$ 14.5	$ 5.6
Taxes, other than payroll and income taxes	$ 1.9	$ 1.4	$ 0.8
Royalties	$ 8.4	$ 5.7	$ 2.5

Amounts for depreciation and amortization of tangible assets, preoperating costs and similar deferrals and advertising costs are not presented because such amounts are each less than 1% of total costs and expenses.

APPENDIX A - IMAGE AND GRAPHIC MATERIAL

Items 1 and 2 - Business and Properties (Map)

The map is entitled, "Cleveland-Cliffs Inc and Associated Companies Location of Iron Ore Operations". The map has an outline of the United States and an outline of Tasmania (Australia). Located specifically on the map are arrows and dots representing the location of the properties described in the Table on page 6 to this report.

Item 7 - Management's Discussion and Analysis of Financial

Condition and Results of Operations (Graphs)

Graph A

This graph is captioned "Cumulative Earnings & Dividends". The graph contains two lines depicting cumulative earnings and cumulative dividends over the five-year period 1989-1993. Cumulative earnings were $60.6 million, $134.4 million, $188.2 million, $219.0 million and $273.6 million, respectively, for the years 1989-1993. Cumulative dividends were $4.7 million, $14.0 million, $73.1 million, $87.2 million, and $113.6 million, respectively, for the years 1989-1993. The graph also indicates that the cumulative payout ratio of dividends to earnings was 8%, 10%, 39%, 40%, and 42%, respectively, for the years 1989-1993.

Graph B

This graph is captioned "Components of Invested Capital". The graph contains five bars depicting the components of invested capital at December 31, 1989, 1990, 1991, 1992, and 1993, each bar reflecting Effectively Serviced Debt and Shareholders' Equity, as follows:

	Amount (In Millions)			Percent		
December 31	Effectively Serviced Debt	Shareholders' Equity	Total	Effectively Serviced Debt	Shareholders' Equity	Total
1989	$93.4	$226.0	$319.4	29%	71%	100%
1990	82.4	290.8	373.2	22	78	100
1991	65.0	290.8	355.8	18	82	100
1992	92.1	269.6	361.7	26	74	100
1993	88.6	280.7	369.3	24	76	100