CLIFFS NATURAL RESOURCES INC.

FORM 10-Q
(Quarterly Report)

Filed 08/10/95 for the Period Ending 06/30/95

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-Q
(Quarterly Report)

Filed 8/10/1995 For Period Ending 6/30/1995

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	CLEVELAND, Ohio 44114
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C.20549

FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended June 30,1995 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

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

YES _X_ NO ___

As of July 31, 1995, there were 11,893,967 Common Shares (par value $1.00 per share) outstanding.

PART I - FINANCIAL INFORMATION

CLEVELAND-CLIFFS INC

STATEMENT OF CONSOLIDATED INCOME

	(In Millions, Except Per Share Amounts)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	1995	1994	1995	1994
REVENUES:				
Product sales and services	$103.3	$71.9	$154.6	$112.0
Royalties and management fees	12.9	11.5	21.8	19.5
Total operating revenues	116.2	83.4	176.4	131.5
Investment income (securities)	2.1	1.5	4.7	2.7
Other income	0.6	0.1	1.4	0.3
TOTAL REVENUES	118.9	85.0	182.5	134.5
COSTS AND EXPENSES:				
Cost of goods sold and operating expenses	89.8	63.8	139.6	103.3
Administrative, selling and general expenses	3.7	4.3	6.8	8.5
Interest expense	1.5	1.7	3.2	3.3
Other expenses	12.2	1.2	14.1	2.4
TOTAL COSTS AND EXPENSES	107.2	71.0	163.7	117.5
INCOME BEFORE INCOME TAXES	11.7	14.0	18.8	17.0
INCOME TAXES (CREDITS) :				
Currently payable	3.1	3.9	5.0	4.7
Deferred	(12.3)	(0.3)	(12.1)	(0.3)
TOTAL INCOME TAXES	(9.2)	3.6	(7.1)	4.4
NET INCOME	$20.9	$10.4	$25.9	$12.6
NET INCOME PER COMMON SHARE	$1.75	$0.86	$2.16	$1.04

See notes to financial statements

CLEVELAND-CLIFFS INC

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

	(In Millions)	
ASSETS	June 30, 1995	December 31, 1994
CURRENT ASSETS		
Cash and cash equivalents	$122.0	$140.6
Marketable securities	0.6	0.8
	122.6	141.4
Accounts receivable - net	42.4	65.9
Inventories:		
Finished products	48.6	24.5
Work in process	0.9	0.6
Supplies	16.9	14.6
	66.4	39.7
Deferred income taxes	14.7	14.7
Other	11.4	7.4
TOTAL CURRENT ASSETS	257.5	269.1
PROPERTIES	257.4	248.7
Less allowances for depreciation and depletion	(141.0)	(138.3)
TOTAL PROPERTIES	116.4	110.4
INVESTMENTS IN ASSOCIATED COMPANIES	148.5	151.7
OTHER ASSETS		
Long-term investments	26.1	27.1
Deferred income taxes	14.9	8.7
Other	47.3	43.1
TOTAL OTHER ASSETS	88.3	78.9
TOTAL ASSETS	$610.7	$610.1

LIABILITIES AND SHAREHOLDERS' EQUITY	June 30, 1995	December 31, 1994
CURRENT LIABILITIES		
Current portion of long-term obligations	$12.1	$5.0
Other	82.5	94.6
TOTAL CURRENT LIABILITIES	94.6	99.6
LONG-TERM OBLIGATIONS	57.9	70.0
POST EMPLOYMENT BENEFITS	68.3	68.0
RESERVE FOR CAPACITY RATIONALIZATION	23.2	25.7
OTHER LIABILITIES	46.2	35.4
SHAREHOLDERS' EQUITY		
Preferred Stock		
Class A - No Par Value		
Authorized - 500,000 shares; Issued - None	-	-
Class B - No Par Value		
Authorized - 4,000,000 shares; Issued - None	-	-
Common Shares - Par Value $1 a share		
Authorized - 28,000,000 shares	16.8	16.8
Issued - 16,827,941 shares		
Capital in excess of par value of shares	64.9	63.1
Retained income	361.9	343.8
Foreign currency translation adjustments	0.2	0.9
Net unrealized gain on marketable securities	0.5	1.5
Cost of 4,935,849 Common Shares in treasury (1994 - 4,728,081)	(121.3)	(113.4)
Unearned Compensation	(2.5)	(1.3)
TOTAL SHAREHOLDERS' EQUITY	320.5	311.4
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$610.7	$610.1

See notes to financial statements

CLEVELAND-CLIFFS INC

CONSOLIDATED STATEMENT OF CASH FLOWS

	Increase (Decrease) in Cash and Cash Equivalents for Six Months Ended June 30, (In Millions)	
	1995	1994
OPERATING ACTIVITIES		
Net income	$25.9	$12.6
Depreciation and amortization:		
Consolidated	3.5	1.0
Share of associated companies	5.7	5.6
Changes in capacity rationalization reserve	(1.4)	1.2
Tax credit	(12.2)	
Changes in environmental reserve	9.1	(1.4)
Other	(1.2)	0.7
Total Before Changes in Operating Assets and Liabilities	29.4	19.7
Changes in operating assets and liabilities		
Short-term marketable securities	0.2	41.2
Other	(14.8)	(17.7)
NET CASH FROM OPERATING ACTIVITIES	14.8	43.2
INVESTMENT ACTIVITIES		
Capital expenditures:		
Consolidated	(9.1)	(0.8)
Share of associated companies	(1.9)	(2.3)
Purchase of long-term investments	(0.2)	(2.0)
Other	(0.8)	
NET CASH (USED BY) INVESTMENT ACTIVITIES	(12.0)	(5.1)
FINANCING ACTIVITIES		
Repurchase of common stock	(8.0)	
Principal payment of long-term debt	(5.0)	
Dividends	(7.8)	(7.2)
Other	0.1	0.3
NET CASH (USED BY) FINANCING ACTIVITIES	(20.7)	(6.9)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(0.7)	0.5
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(18.6)	31.7
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	140.6	67.9
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$122.0	$99.6
Income taxes paid	$7.6	$10.9
Interest paid on debt obligations	$3.3	$3.3

See notes to financial statements

CLEVELAND-CLIFFS INC

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1995

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in accordance with the instructions to Form 10-Q and should be read in conjunction with the financial statement footnotes and other information in the Company's 1994 Annual Report on Form 10-K. In management's opinion, the quarterly unaudited financial statements present fairly the Company's financial position and results. References to the "Company" mean Cleveland-Cliffs Inc and consolidated subsidiaries, unless otherwise indicated. Quarterly results are not necessarily representative of annual results due to seasonal and other factors.

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

NOTE B - SHAREHOLDERS' EQUITY

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 839,045 Common Shares. The 1992 Incentive Equity Plan authorizes the Company to issue up to 595,000 Common Shares upon the exercise of Option 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. Transactions since December 31, 1994 are summarized as follows:

Stock Options:	1987 Plan	1992 Plan
Options outstanding as of 12/31/94	68,682	13,500
Granted	-0-	4,500
Exercised	(6,532)	(500)
Cancelled	-0-	-0-
Options outstanding as of 6/30/95	62,150	17,500
Options exercisable as of 6/30/95	62,150	13,000
Restricted Awards:		
Awarded and restricted as of 12/31/94	3,996	9,268
Awarded	-0-	-0-
Vested	(775)	(275)
Cancelled	-0-	-0-
Awarded and Restricted as of 6/30/95	3,221	8,993
Performance Shares:		
Allocated as of 12/31/94	-0-	41,317
Allocated	-0-	47,450
Forfeited	-0-	-0-
Performance Shares as of 6/30/95	-0-	88,767
Reserved for future grants or awards as of 6/30/95	4,501	465,456

NOTE C - INVESTMENTS IN ASSOCIATED COMPANIES

In February, 1994, the Company reached general agreement with Algoma Steel Inc. ("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 are 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 has increased from 33.33% to 40.0% with an associated increase in the Company's obligation for its share of mine costs,
(3) the Company is receiving a higher royalty, (4) the Company has the right to supply any additional iron ore pellet requirements of Algoma from Tilden or the Company, and (5) any partner may take additional production with payment of certain fees to the Partnership. The parties implemented the general agreement effective January 1, 1994 and have executed the definitive agreement which is in escrow pending receipt by Algoma of a required third party consent. The agreement has not had a material financial effect on the Company's consolidated financial statements.

NOTE D - ENVIRONMENTAL MATTERS

The Company has a formal code of environmental conduct which promotes environmental protection and restoration. The Company's obligations for defined environmental problems at active mining operations and 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 financial reserve.

During the first six months of 1995, the Company provided $10.7 million of additional environmental reserves and made net payments of $1.6 million. The additional environmental provision reflected the Company's comprehensive review of estimated restoration expense at all known sites, which occurred in the second quarter. Given the Company's experience with rising cost estimates as studies and work were completed at identified sites, it was determined that a higher reserve was prudent.

At June 30, 1995, the Company has an environmental reserve of $21.1 million, of which $4.7 million is current. The reserve includes the Company's obligations related to:

- Federal and State Superfund and Clean Water Act sites where the Company is named as a potential responsible party, including Cliffs-Dow and Kipling sites in Michigan, the Arrowhead Refinery site in Minnesota, the Summitville mine site in Colorado, and the Rio Tinto mine site in Nevada, all of which sites are independent of the Company's iron mining operations. The reserves are based on the Company's share of engineering study estimates prepared by outside consultants engaged by the potential responsible parties. The Company continues to evaluate the recommendations of the studies and other means for site clean-up. Significant site clean-up activities have taken place at Cliffs-Dow since late 1993. A Consent Decree has been reached among the federal and state governments and approximately 224 individuals and companies with respect to the Arrowhead site. Clean-up began in 1995 with significant funding provided by the federal and state governments. The

Consent Decree has been entered by the U.S. District Court. The Company's share of Arrowhead costs is expected to total approximately $145,000 which includes $31,000 of funded remediation costs and $114,000 of incurred legal and other costs.

- Wholly-owned active and idle operations, including the recently acquired Northshore mine and Silver Bay power plant in Minnesota and the idled Republic mine and processing facilities in Michigan. The Northshore/Silver Bay reserve is based on an environmental investigation conducted by the Company and an outside consultant in connection with the purchase and reflects expected future Company expenditures, primarily for asbestos abatement and power plant fly ash disposal. The Republic Mine reserve primarily reflects the cost of underground fuel oil storage tank removal and related soil remediation.

- Other sites, including current and former operations, for which reserves are based on the Company's estimated cost of investigation and remediation of sites where expenditures may be incurred.

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

NOTE E - INVESTMENTS

On October 4, 1994, the Financial Accounting Standards Board issued Statement 119 entitled, "Disclosure about Derivative Financial Instruments and Fair Value of Financial Instruments", which requires expanded footnote disclosure about certain financial instruments. Presently, the Company's exposure to risk associated with derivative instruments is limited to forward foreign exchange contracts. These forward exchange contracts are hedging transactions that have been entered into with the objective of managing the risk of currency fluctuations with respect to the on-going obligations of the Company's Australian and Canadian operations denominated in those currencies. Gains and losses are recognized in the same period as the hedged transactions. At June 30, 1995, the Company had $23.7 million of forward exchange contracts with a fair value, based on June 30, 1995 forward rates, of $22.9 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS
RESULTS OF OPERATIONS

COMPARISON OF SECOND QUARTER AND FIRST SIX MONTHS - 1995 AND 1994

Net income for the second quarter was $20.9 million, or $1.75 per share, and first half earnings were $25.9 million, or $2.16 per share. Both periods were affected by two special second quarter items: a $12.2 million tax credit resulting from the settlement of prior years' tax issues, and a $6.7 million after-tax increase in the reserve for environmental expenditures.

Excluding the special items, second quarter earnings were $15.4 million, or $1.29 per share, compared to $10.4 million, or $.86 a share, in the second quarter of 1994. Earnings for the first half of 1995, excluding the special items, were $20.4 million, or $1.70 a share. In the first six months of 1994, earnings were $12.6 million, or $1.04 a share. The increases in second quarter and first half earnings before the special items were mainly due to increased sales volume, higher royalties and management fees, and higher investment income.

The special tax credit of $12.2 million, or $1.02 per share, reflects the settlement of certain tax issues which had previously been reserved. The $6.7 million, or $.56 per share, after-tax increase in the reserve for environmental expenditures, resulted from the Company's comprehensive review of estimated environmental restoration expense. These exposures predominantly involve inactive sites that are not associated with current mining operations.

* * *

The Company's managed mines in North America produced 9.8 million tons of iron ore in the second quarter of 1995 compared with 8.7 million tons in 1994. First half production was 18.8 million tons in 1995 versus 16.4 million tons in 1994. Full year production is expected to be approximately 40.0 million tons, a 4.8 million ton increase from 1994. The Company's share of scheduled production is approximately 10.0 million tons in 1995 compared with 6.8 million tons in 1994. Higher production in 1995 principally reflects the acquisition of Northshore Mining Company on September 30, 1994.

The Company's North American pellet sales in the second quarter of 1995 were 2.6 million tons compared with 1.7 million tons in 1994. First half sales were 3.8 million tons in 1995 versus 2.4 million tons in 1994. The Company's pellet sales, including resale of purchased ore, for the year 1995 are projected to be approximately 10.0 million tons versus 8.2 million tons in 1994. Sales volume in excess of production volume in 1994 was satisfied from inventory and purchased ore. Higher sales in 1995 reflect the acquisition of Northshore and shipment timing. Pellet inventory at June 30, 1995 was 1.4 million tons versus 1.2 million tons one year ago.

LIQUIDITY

At June 30, 1995, the Company had cash and marketable securities of $122.6 million, including $11.7 million dedicated to fund Australian mine obligations.

Since December 31, 1994, cash and marketable securities have decreased $18.8 million due to capital expenditures, $11.0 million, repurchase of common stock $8.0 million, dividends, $7.8 million, and debt payment, $5.0 million, partially offset by cash flow from operating activities, $14.6 million.

A $5.0 million annual payment on the Company's $75.0 million, medium-term, unsecured senior notes was made on May 1, 1995. Scheduled payments of principal are $12.1 million in each of years 1996 and 1997.

Effective March 1, 1995, the Company terminated its $75 million three-year revolving credit agreement, which was scheduled to expire on April 30, 1995, and entered into a five-year, $100 million agreement. No borrowings are outstanding under the agreement.

As announced in January, 1995, the Company commenced the periodic repurchase of up to 600,000 shares of its common stock. Through July 31, the Company has repurchased 214,300 shares.

McLouth Steel Products Company ("McLouth"), a significant customer, continues to be substantially undercapitalized. The Company has periodically extended financial support to McLouth in the form of deferred payment terms and other considerations. Estimated sales to McLouth for the year 1995 of 1.4 million tons represent 14 percent of the Company's sales volume and a higher percentage contribution to income before fixed cost absorption. As of August 7, 1995, the Company had consigned inventory valued at $1.6 million to McLouth in accordance with long-standing practice. The Company has no earnings exposure related to the consigned inventory. Outstanding receivable balances, secured by liens on certain McLouth fixed assets, total $5.1 million on August 7, 1995.

Pursuant to the Coal Industry Retiree Health Benefit Act of 1992 ("Benefit Act"), the Trustees of the UMWA Combined Benefit Fund have assigned responsibility to the Company for premium payments with respect to retirees, dependents and "orphans" (unassigned beneficiaries), representing less than one-half of one percent of all "assigned beneficiaries". The Company is making premium payments under protest and is contesting the assignments that it believes were incorrect. At June 30, 1995, the Company continues to pay premiums on 338 assigned retirees and dependents and 116 "orphans". Additionally, in December, 1993, a complaint was filed in U. S. District Court by the Trustees of the United Mine Workers of America 1992 Benefit Plan against the Company demanding the payment of premiums on additional beneficiaries related to two formerly operated joint venture coal mines. The Company is actively contesting the complaint. Monthly premium payments on 81 assigned beneficiaries are being paid into an escrow account (80% by a former joint venture participant and 20% by the Company) by joint agreement with the Trustees, pending outcome of the litigation. At June 30, 1995, the coal retiree reserve maintained by the Company is $11.0 million, of which $.9 million is current. In the second quarter of 1995, the Company increased its coal retiree reserve by $.2 million (reflecting accretion of discount), and made payments of $.2 million. The reserve is reflected at present value, utilizing an assumed discount rate of 8.5%. Constitutional and other legal challenges to various provisions of the Benefit Act by other former coal producers are pending in the Federal Courts.

The Company and the Internal Revenue Service ("IRS") have reached agreement settling issues raised during the examination of the Company's Federal income tax returns for the tax years 1986 through 1988. As a result of the settlement and its related impact on the tax years 1989 through 1993, the Company will make additional tax and interest payments of $12.4 million in the third quarter of 1995 and be entitled to tax and interest refunds of $5.3 million. Additional cash benefits of the tax settlement will be realized for tax years 1994 and thereafter. Accordingly, a tax credit of $12.2 million was recorded in the second quarter of 1995.

The income tax settlement favorably resolves a number of difficult IRS audit issues primarily arising from the Company's restructuring program in the late 1980s when mining partnerships were reorganized to cope with steel company bankruptcies and non-core businesses were divested. During that period, the Company had reserved the potential tax liabilities.

CAPITALIZATION

Long-term obligations effectively serviced by the Company at June 30, 1995, including the current portion, totalled $80.0 million. The Company guarantees Empire mine debt obligations of LTV Steel Company, Inc. and Wheeling-Pittsburgh Steel Corporation ("Wheeling") which totalled $13.7 million at June 30, 1995. The following table sets forth information concerning long-term obligations guaranteed and effectively serviced by the Company.

	(Millions)			
	June 30, 1995		December 31, 1994	
	Obligations Effectively Serviced	Total Long-Term Obligations and Guarantees	Obligations Effectively Serviced	Total Long-Term Obligations and Guarantees
Consolidated	$ 70.0	$ 70.0	$ 75.0	$ 75.0
Share of Unconsolidated Affiliates	10.0	23.7*	9.2	22.9*
Total	$ 80.0	$ 93.7	$ 84.2	$ 97.9
Ratio to Shareholders' Equity	.2:1	.3:1	.3:1	.3:1

* Includes $13.7 million of Empire Mine debt obligations which are serviced by LTV and Wheeling.

At June 30, 1995, the Company was in compliance with all financial covenants and restrictions related to its medium-term, unsecured senior note agreement.

The fair value of the Company's long term debt (which had a carrying value of $70.0 million) at June 30, 1995, was estimated at $74.2 million based on a discounted cash flow analysis and estimates of current borrowing rates.

Due to the current level of interest rates, the Company is evaluating refinancing the outstanding $70.0 million unsecured senior notes. At present interest rates, a make-whole payment to current lenders would be recorded as an extraordinary after-tax charge of approximately $2.5 million in the period refinancing occurs.

Following is a summary of common shares outstanding:

	1995	1994	1993
March 31	12,031,392	12,079,885	11,992,804
June 30	11,892,092	12,080,560	12,008,065
September 30		12,091,310	12,038,092
December 31		12,099,860	12,064,117

ACTUARIAL ASSUMPTIONS

As a result of decreases in long-term interest rates during 1995, the Company is re-evaluating the interest rates used to calculate its pension and other post-retirement benefit ("OPEB") obligations. Financial accounting standards require that the discount rates used to calculate the actuarial present value of such benefits reflect the market rate of interest on high quality fixed income securities. A discount rate of 8.5% was used to calculate the Company's pension and OPEB obligations as of December 31, 1994. A decrease in the discount rate assumption would not affect 1995 financial results; however, in 1996 and subsequent years, the Company would recognize a non-cash increase in pension and OPEB expense. The Company does not anticipate changing the long-term rate of return assumption on pension assets (currently 8.5%) in the near-term.

OUTLOOK

Despite a summer slump in steel shipments and price discounting for flat-rolled steel, steelmakers continue to operate their mills at high levels of capacity. Steel imports have not dropped from 1994 levels; however, the steel industry continues to expect a decline as the year progresses.

Iron ore production at Cliffs-managed mines in North America is expected to total approximately 40 million tons for the full year 1995, unchanged from the beginning of the year. Likewise, the Company's related sales projection remains unchanged at 10.0 million tons.

OTHER DEVELOPMENTS

- In June, the announced $6 million pellet expansion project at Northshore Mining Company was completed on schedule. On an annualized basis, the expansion adds about 900,000 tons of pellets, a 25 percent expansion of Northshore production.

- The Company continues to evaluate technologies toward development of a reduced iron business. Resolution of technical feasibility and commercial issues on potential projects is expected to require the balance of the year.

PART II - OTHER INFORMATION

Item 4. Submission of Matters to Vote of Security Holders
The Company's Annual Meeting of Shareholders was held on May 9, 1995. At the meeting the Company's shareholders acted upon the election of Directors and a proposal to ratify the appointment of the Company's independent public accountants. In the election of Directors, all 11 nominees named in the Company's Proxy Statement, dated March 23, 1995, were elected to hold office until the next Annual Meeting of Shareholders and until their respective successors are elected. Each nominee received the number of votes set opposite his or her name:

NOMINEES	FOR	WITHHELD
Robert S. Colman	10,643,011	33,513
James D. Ireland III	10,643,076	33,449
G. Frank Joklik	10,642,936	33,589
E. Bradley Jones	10,642,891	33,634
Leslie L. Kanuk	10,642,635	33,890
M. Thomas Moore	10,642,051	34,474
Stephen B. Oresman	10,643,076	33,449
Alan Schwartz	10,642,731	33,793
Samuel K. Scovil	10,642,680	33,845
Jeptha H. Wade	10,642,857	33,667
Alton W. Whitehouse, Jr.	10,642,891	33,634

Votes cast in person and by proxy at such meeting for and against the adoption of the proposal to ratify the appointment of the firm of Ernst & Young LLP, independent public accountants to examine the books of account and other records of the Company and its consolidated subsidiaries for the year 1995 were as follows: 10,655,292 Common Shares were cast for the adoption of the proposal; 6,755 Common Shares were cast against the adoption of the proposal; and 14,477 Common Shares abstained from voting on the proposal.

There were no broker non-votes with respect to the election of directors or the ratification of the independent public accountants.

Item 5. Other Information
On July 11, 1995, Mr. John C. Morley, recently retired President and Chief Executive Officer of Reliance Electric Company, was elected to the Board of Directors of the Company.

Item 6. Exhibits and Reports on Form 8-K
(a) List of Exhibits - Refer to Exhibit Index on page 14.
(b) There were no reports on Form 8-K filed during the three months ended June 30, 1995.

SIGNATURE

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

CLEVELAND-CLIFFS INC

Date August 10, 1995	*By /s/ J. S. Brinzo*
	J. S. Brinzo *Senior Executive-Finance and* *Principal Financial Officer*

EXHIBIT INDEX

Exhibit Number	Exhibit	
4(q)	First Amendment to Note Agreement, dated June 7, 1995, among Cleveland-Cliffs Inc and all of the Purchasers named therein	Filed Herewith
11	Statement re computation of earnings per share	Filed Herewith
27	Consolidated Financial Data Schedule submitted for Securities and Exchange Commission information only	Filed Herewith

Exhibit 4(q)

FIRST AMENDMENT TO NOTE AGREEMENT

This First Amendment to the Note Agreement (the "Amendment") is entered into as of the seventh day of June, 1995, between CLEVELAND-CLIFFS INC, an Ohio corporation (the "Company"), having an address at 1100 Superior Avenue, Cleveland, Ohio 44114-2589, and each Purchaser named in Schedule I to the Note Agreement, dated as of May 1, 1992 ("Note Agreement").

R E C I T A L S :

The Company has requested that the Note Agreement be amended in certain particulars as set forth in this Amendment.

Terms used herein but not defined herein shall have the meaning set forth in the Note Agreement.

NOW, THEREFORE, in consideration of the premises set forth above and in consideration of the mutual covenants and conditions herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged:

1. RECITALS INCORPORATED. The Recitals set forth above are incorporated herein by reference.

2. AMENDMENT TO THE NOTE AGREEMENT.

2.1 Section 5.2 of the Note Agreement is deleted in its entirety and the following inserted in lieu thereof:

"SECTION 5.2. INSURANCE. The Company will maintain, and will cause each Subsidiary to maintain, insurance coverage by financially sound and reputable insurers in such forms and amounts and against such risks as are customary for corporations of established reputation engaged in the same or similar business and owning and operating similar properties. The Company will provide an officer's certificate each quarter to the holders of the Notes stating that the Company is in compliance with this Section 5.2. Such officer's certificate shall be furnished by an authorized financial officer of the Company at the same time as the officer's certificates required in Section 5.15(g) of the Note Agreement."

3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company, by its execution and delivery of this Amendment, hereby represents and warrants to the Purchasers as follows:

3.1 As of the date of this Amendment, no Default or Event of Default under the Note Agreement, or under any other agreement to which the Company is subject, exists or is continuing, after giving effect to the amendment set forth herein.

3.2 The representations and warranties of the Company referred to in Section 3.1 of the Note Agreement are true and correct and complete in all material respects as if made on the date hereof, except as to those representations and warranties made as of a specific date, which are true and correct and materially complete as of such date.

3.3 No dissolution proceedings with respect to the Company have been commenced or are contemplated, and there has been no material adverse change in the business, condition or operations (financial or otherwise) of the Company, taken as a whole, since May 1, 1992.

3.4 This Amendment has been duly authorized, executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company.

3.5 The Company has not modified any agreement with any creditor of the Company, other than by this Amendment, unless the Company has disclosed the terms of such modification to the Purchasers in writing.

4. MISCELLANEOUS.

4.1 Except as expressly set forth in this Amendment, the terms of this Amendment shall not operate as a waiver by the Purchasers of any provisions of, or otherwise prejudice, remedies or powers under the Note Agreement, the Notes or applicable law and shall not operate as a waiver of or otherwise prejudice any rights it may have against any other Person. Except as set forth in this Amendment, none of the terms or provisions of either the Note Agreement or the Notes shall be deemed to be modified hereby, and each of the Note Agreement and the Notes, as modified herein, shall continue in full force and effect.

4.2 Delivery of this Amendment is conditioned upon satisfaction of the terms set forth in Section 7.1 of the Note Agreement.

4.3 All headings and captions preceding the text of the several sections of this Amendment are intended solely for convenience of reference and shall not constitute a part of this Amendment, nor shall they affect its meaning, construction or effect.

4.4 This Amendment embodies the entire agreement and understanding among the Company and the Purchasers with regard to the matters set forth herein, and supersedes all prior agreements and undertakings relating to such matters.

4.5 This Amendment shall be governed by, and construed and enforced in accordance with the law of the State of Illinois.

4.6 This Amendment may be executed by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

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

CLEVELAND-CLIFFS INC

By: Cynthia B. Bezik
Its: Treasurer

PRINCIPAL MUTUAL LIFE INSURANCE COMPANY, as holder of $25,000,000 8.51% Series A Notes and $18,000,000 8.84% Series B Notes

By: Sarah J. Pitts	By: Austin Ramzy
Its: Counsel	Its: Assistant Director Investment Securities

THE MINNESOTA MUTUAL LIFE INSURANCE COMPANY $15,000,000

By MIMLIC Asset Management Company

By: Loren A. Haugland
Its: Vice President

FEDERATED LIFE INSURANCE COMPANY $1,000,000

By MIMLIC Asset Management Company

By: Loren A. Haugland
Its: Vice President

FEDERATED MUTUAL INSURANCE COMPANY $1,000,000

By MIMLIC Asset Management Company

By: Loren A. Haugland
Its: Vice President

LIFE OF MARYLAND, INC. $2,000,000

By MIMLIC Asset Management Company

By: Loren A. Haugland
Its: Vice President

LIFE INSURANCE COMPANY OF THE SOUTHWEST $4,000,000

By MIMLIC Asset Management Company

By: Loren A. Haugland
Its: Vice President

THE MINNESOTA MUTUAL LIFE INSURANCE COMPANY - SEPARATE ACCOUNT F $1,000,000

By MIMLIC Asset Management Company

By: Loren A. Haugland

Its: Vice President

THE RELIABLE LIFE INSURANCE COMPANY $1,000,000

By MIMLIC Asset Management Company

By: Loren A. Haugland

Its: Vice President

NATIONAL TRAVELERS LIFE COMPANY $1,000,000

By MIMLIC Asset Management Company

By: Loren A. Haugland

Its: Vice President

MUTUAL TRUST LIFE INSURANCE COMPANY $1,000,000

By MIMLIC Asset Management Company

By: Loren A. Haugland

Its: Vice President

THE BALTIMORE LIFE INSURANCE COMPANY $2,000,000

By MIMLIC Asset Management Company

By: Loren A. Haugland
Its: Vice President

PROVIDENT MUTUAL LIFE INSURANCE COMPANY
OF PHILADELPHIA Amount of Note: $1,500,000.00

By: James Kestner
Its: Vice President

PROVIDENTMUTUAL LIFE AND ANNUITY COMPANY
OF AMERICA Amount of Note: $1,500,000.00

By: James Kestner
Its: Vice President

Exhibit 11

COMPUTATION OF EARNINGS PER SHARE

CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES

	(In Millions, Except Per Share Amounts) Six Months Ended June 30,	
	1995	1994
Primary and fully diluted earnings per share:		
Average shares outstanding	12.0	12.1
Net effect of dilutive stock options - based on treasury stock method using average market price	-	-
Average shares and equivalents	12.0	12.1
Net income applicable to average shares and equivalents:	$25.9	$12.6
Income per share:	$2.16	$1.04

ARTICLE 5

This schedule contains summary financial information extracted from statements of consolidated income, consolidated financial position and computation of earnings per share and is qualified in its entirety by reference to such financial statements.

CIK: 0000764065

NAME: CLEVELAND CLIFFS INC

MULTIPLIER: 1,000,000

PERIOD TYPE	3 MOS
FISCAL YEAR END	DEC 31 1994
PERIOD START	JAN 1 1995
PERIOD END	JUN 30 1995
CASH	122
SECURITIES	1
RECEIVABLES	42
ALLOWANCES	20
INVENTORY	66
CURRENT ASSETS	258
PP&E	257
DEPRECIATION	(141)
TOTAL ASSETS	611
CURRENT LIABILITIES	95
BONDS	0
COMMON	17
PREFERRED MANDATORY	0
PREFERRED	0
OTHER SE	304
TOTAL LIABILITY AND EQUITY	611
SALES	155
TOTAL REVENUES	183
CGS	140
TOTAL COSTS	146
OTHER EXPENSES	14
LOSS PROVISION	0
INTEREST EXPENSE	3
INCOME PRETAX	19
INCOME TAX	(7)
INCOME CONTINUING	26
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	26
EPS PRIMARY	2.16
EPS DILUTED	2.16

End of Filing